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Town of Livingston, Louisiana
Annual Financial Report
December 31, 1998

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 7-28-99

Town of Livingston, Louisiana
 Annual Financial Report
 Year Ended December 31, 1998

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Town of Livingston, Louisiana
Annual Financial Report
Year Ended December 31, 1998

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor Derral Jones
and Members of the Board of Aldermen
Town of Livingston, Louisiana

We have audited the accompanying primary government financial statements of the Town of Livingston, Louisiana, as of and for the year ended December 31, 1998, as listed in the table of contents. These primary government financial statements are the responsibility of the Town of Livingston, Louisiana's, management. Our responsibility is to express an opinion on these primary government financial statements based on our audit.

Except as discussed in the following paragraph, we conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of 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 misstatement. 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.

Governmental Accounting Standards Board Technical Bulletin 98-1, *Disclosures About Year 2000 Issues*, as amended by Governmental Accounting Standards Board Technical Bulletin 99-1, *Disclosures About Year 2000 Issues - an Amendment to Technical Bulletin 98-1*, requires disclosure of certain matters regarding the year 2000 issue. The Town of Livingston, Louisiana has included such disclosures in Note 17. Because of the unprecedented nature of the year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Accordingly, insufficient audit evidence exists to support the Town of Livingston, Louisiana's disclosures with respect to the year 2000 issue made in Note 17. Further, we do not provide assurance that the Town of Livingston, Louisiana's year 2000 remediation efforts will be successful in whole or in part, or that parties with which the Town of Livingston, Louisiana does business will be year 2000 ready.

A primary government is a legal entity or body politic and includes all funds, organizations, institutions, agencies, departments, and offices that are not legally separate. Such legally separate entities are referred to as component units. In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to examine evidence regarding year 2000 disclosures, the primary government financial statements referred to above present fairly, in all material respects, the financial position of the primary government of the Town of Livingston, Louisiana as of December 31, 1998, and the results of its operations and cash flows of its proprietary fund type for the year then ended in conformity with generally accepted accounting principles.

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The Honorable Mayor, Derral Jones
and Members of the Board of Aldermen
Town of Livingston, Louisiana

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However, the primary government financial statements, because they do not include the financial data of component units of the Town of Livingston, Louisiana, do not purport to, and do not, present fairly the financial position of the Town of Livingston, Louisiana, as of December 31, 1998, and the results of its operations and cash flows of its proprietary fund type for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Governmental Auditing Standards*, we have also issued our report dated June 23, 1999 on our consideration of the Town of Livingston, Louisiana's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was made for the purpose of forming an opinion on the primary government financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Also, the individual fund and account group financial statements, schedules, and supplementary information listed in the table of contents are presented for purposes of additional analysis. Neither are a required part of the primary government financial statements of the Town of Livingston, Louisiana. Such information has been subjected to the auditing procedures applied in the audit of the primary government financial statements and, in our opinion, is fairly stated in all material respects in relation to the primary government financial statements taken as a whole.


Bruce Harrell & Company, CPAs
A Professional Accounting Corporation

June 23, 1999

Town of Livingston, Louisiana

Combined Balance Sheet
All Fund Types and Account Groups
December 31, 1998

	Governmental Fund Type		Proprietary Fund Type	Account Group
	General Fund	Capital Project Fund	Enterprise Fund	General Fixed Assets
Assets				
Cash and Cash Equivalents	\$ 763,042	\$ 5	\$ 424,486	\$ -
Inventory, Natural Gas Storage	-	-	7,005	-
Taxes Receivable	29,295	-	-	-
Accounts Receivable, Net	-	-	77,450	-
Prepaid Expenses	-	-	694	-
Royalties Receivable	168	-	-	-
Due From Other Funds	6,657	-	-	-
Due From Other Governments	50,733	-	-	-
Restricted Cash and Cash Equivalents	-	-	207,451	-
Property, Plant, and Equipment, Net	-	-	2,810,057	1,304,920
Total Assets	<u>\$ 849,895</u>	<u>\$ 5</u>	<u>\$ 3,527,143</u>	<u>\$ 1,304,920</u>
Liabilities and Equity				
Liabilities:				
Accounts Payable	\$ 9,656	\$ -	\$ 37,776	\$ -
Other Accrued Expenses	2,292	-	909	-
Current Portion of Long-Term Debt:				
Revenue Bonds Payable	-	-	36,733	-
Due To Other Funds	-	5	6,652	-
Payable From Restricted Assets:				
Customer Deposits	-	-	58,885	-
Long-Term Debt:				
Revenue Bonds Payable	-	-	637,048	-
Total Liabilities	<u>11,948</u>	<u>5</u>	<u>778,003</u>	<u>-</u>
Equity:				
Contributed Capital, Net	-	-	1,438,956	-
Investment in General Fixed Assets	-	-	-	1,304,920
Retained Earnings:				
Reserved for Bond Retirement	-	-	69,588	-
Reserved for Bond Contingency	-	-	79,382	-
Unreserved	-	-	1,161,214	-
Fund Balance:				
Unreserved & Undesignated	837,947	-	-	-
Total Equity	<u>837,947</u>	<u>-</u>	<u>2,749,140</u>	<u>1,304,920</u>
Total Liabilities and Equity	<u>\$ 849,895</u>	<u>\$ 5</u>	<u>\$ 3,527,143</u>	<u>\$ 1,304,920</u>

The accompanying notes are an integral part of these statements.

Total
(Memo Only)

\$ 1,187,533
7,005
29,295
77,450
694
168
6,657
50,733
207,451
4,114,977
\$ 5,681,963

\$ 47,432
3,201

36,733
6,657

58,885

637,048
789,956

1,438,956
1,304,920

69,588
79,382
1,161,214

837,947
4,892,007
\$ 5,681,963

Town of Livingston, Louisiana

Statement B

Combined Statement of Revenues, Expenditures, and Changes in Fund Balance
 Governmental Fund Type
 Year Ended December 31, 1998

	General Fund	Capital Project Fund	Total (Memo Only)
Revenues			
Taxes	\$ 212,158	\$ -	\$ 212,158
Licenses and Permits	70,596	-	70,596
Intergovernmental	17,173	-	17,173
Sanitation Fees	36,795	-	36,795
Fines	48,086	-	48,086
Interest Income	40,335	-	40,335
Oil, Gas, & Mineral Royalties	3,590	-	3,590
Rental Income	18,000	-	18,000
Grass Cutting	1,110	-	1,110
Fire Department	3,035	-	3,035
Parks and Recreation	25,282	-	25,282
Miscellaneous	4,399	-	4,399
Grants	51,559	470,398	521,957
Total Revenues	<u>532,118</u>	<u>470,398</u>	<u>1,002,516</u>
Expenditures			
General and Administrative	181,349	-	181,349
Public Safety	145,324	-	145,324
Street Department	145,784	-	145,784
Sanitation Department	45,859	-	45,859
Health Department	2,990	-	2,990
Parks and Recreation	24,654	-	24,654
Capital Outlays	36,516	-	36,516
Sewer Project	-	470,535	470,535
Total Expenditures	<u>582,476</u>	<u>470,535</u>	<u>1,053,011</u>
Excess Revenues (Expenditures)	<u>(50,358)</u>	<u>(137)</u>	<u>(50,495)</u>
Other Financing Sources (Uses)			
Sale of Fixed Assets	955	-	955
Operating Transfers In	91,471	-	91,471
Operating Transfers Out	-	(33)	(33)
Total Other Financing Sources (Uses)	<u>92,426</u>	<u>(33)</u>	<u>92,393</u>
Excess Revenues and Other Sources (Expenditures and Other Uses)	42,068	(170)	41,898
Fund Balance, Beginning of Year	795,879	170	796,049
Fund Balance, End of Year	<u>\$ 837,947</u>	<u>\$ -</u>	<u>\$ 837,947</u>

The accompanying notes are an integral part of these statements.

Town of Livingston, Louisiana

**Combined Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (GAAP Basis) and Actual - Governmental Fund Type
Year Ended December 31, 1998**

	General Fund		
	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Taxes	\$ 214,500	\$ 212,158	\$ (2,342)
Licenses and Permits	69,800	70,596	796
Intergovernmental	15,700	17,173	1,473
Sanitation Fees	36,000	36,795	795
Fines	42,000	48,086	6,086
Interest Income	32,000	40,335	8,335
Oil, Gas, & Mineral Royalties	3,500	3,590	90
Rental Income	18,000	18,000	-
Grass Cutting	1,000	1,110	110
Fire Department	1,000	3,035	2,035
Parks and Recreation	25,000	25,282	282
Miscellaneous	1,500	4,399	2,899
Grants	49,100	51,559	2,459
Total Revenues	509,100	532,118	23,018
Expenditures			
General and Administrative	178,800	181,349	(2,549)
Public Safety	141,600	145,324	(3,724)
Street Department	150,200	145,784	4,416
Sanitation Department	47,000	45,859	1,141
Health Department	3,800	2,990	810
Parks and Recreation	26,000	24,654	1,346
Capital Outlays	36,700	36,516	184
Sewer Project	-	-	-
Total Expenditures	584,100	582,476	1,624
Excess Revenues (Expenditures)	(75,000)	(50,358)	24,642
Other Financing Sources (Uses)			
Sale of Fixed Assets	1,000	955	(45)
Operating Transfers In	77,000	91,471	14,471
Operating Transfers Out	-	-	-
Total Other Financing Sources (Uses)	78,000	92,426	14,426
Excess Revenues and Other Sources (Expenditures and Other Uses)	\$ 3,000	42,068	\$ 39,068
Fund Balance, Beginning of Year		795,879	
Fund Balance, End of Year		\$ 837,947	

The accompanying notes are an integral part of these statements.

Capital Project Fund		
Budget	Actual	Variance Favorable (Unfavorable)
\$ -	\$ -	\$ -
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
470,398	470,398	-
<u>470,398</u>	<u>470,398</u>	<u>-</u>
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
470,398	470,535	(137)
<u>470,398</u>	<u>470,535</u>	<u>(137)</u>
-	(137)	(137)
-	-	-
-	-	-
-	(33)	(33)
<u>-</u>	<u>(33)</u>	<u>(33)</u>
\$ <u>-</u>	(170)	\$ <u>(170)</u>
	170	
	<u>\$ -</u>	

Town of Livingston, Louisiana

Statement D

**Statement of Revenues, Expenses, and Changes in Unreserved Retained Earnings
Proprietary Fund Type
Year Ended December 31, 1998**

	Enterprise Fund
Operating Revenues	
Gas Sales	\$ 191,863
Less Cost of Gas Sold	(75,761)
Gross Profit on Gas Sales	116,102
Water Sales	231,065
Sewer Service Charges	68,215
Service Connection Charges	26,777
Delinquent Charges	12,627
Other Operating Revenues	218
Total Operating Revenues	<u>455,004</u>
 Operating Expenses	
Salaries	106,066
Contract Repairs	22,269
Materials and Supplies	21,470
Uniform Rental	757
Truck Expense	5,270
Sewer Expense	11,457
Office Expense	11,649
Employee Retirement	1,209
Payroll Taxes	8,107
Professional Services	11,071
Depreciation	96,598
Utilities	21,014
Insurance	14,344
Other Operating Expenses	3,246
Total Operating Expenses	<u>334,527</u>
 Operating Income (Loss)	 <u>120,477</u>
 Nonoperating Revenues (Expenses)	
Interest Revenue	44,062
Interest Expense	(34,637)
Total Nonoperating Revenues (Expenses)	<u>9,425</u>
 Operating Transfers In (Out)	 <u>(91,438)</u>
 Net Income	 38,464
Unreserved Retained Earnings, Beginning	1,081,745
Amortization of Contributions	44,236
Increases in Reserves	(3,231)
Unreserved Retained Earnings, Ending	<u>\$ 1,161,214</u>

The accompanying notes are an integral part of these statements.

Town of Livingston, Louisiana

Statement E

Statement of Cash Flows
Proprietary Fund Type
Year Ended December 31, 1998

	<u>Enterprise Fund</u>
Cash Flows From Operating Activities	
Operating Income	\$ 120,477
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:	
Depreciation	96,598
Change in Inventory	(5,080)
Change in Accounts Receivable	12,287
Change in Prepaid Expenses	479
Change in Accounts Payable	17,262
Change in Other Accrued Expenses	(1,406)
Change in Due to Other Funds	(70,908)
Change in Customer Deposits Payable	4,061
Net Cash Provided (Used) by Operating Activities	<u>173,770</u>
Cash Flows From Capital and Related Financing Activities	
Capital Improvements	(938,752)
Capital Contributions	544,503
Principal Repayments, Revenue Bonds Payable	(34,951)
Operating Transfers Out	(91,438)
Interest Revenue	44,062
Interest Expense	(34,637)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(511,213)</u>
Net Increase (Decrease) in Cash	(337,443)
Cash at Beginning of Year	969,380
Cash at End of Year	<u>\$ 631,937</u>

The accompanying notes are an integral part of these statements.

Town of Livingston, Louisiana
Notes to the Financial Statements

As of and for the Year Ended December 31, 1998

Introduction

The Town of Livingston was incorporated November 4, 1955, under the provisions of the Lawrason Act. The Town operates under a Mayor - Board of Aldermen form of government. The accounting and reporting policies of the Town of Livingston conform to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:513 and 24:517 and to the guides set forth in the *Louisiana Governmental Audit Guide*, and to the AICPA Industry Audit Guide, *Audits of State, Local Governments, and Non-Profit Organizations*.

1. Summary of Significant Accounting Policies

A. Basis of Presentation

The accompanying primary government financial statements of the Town have been prepared in conformity with *Generally Accepted Accounting Principles* (GAAP) as applied to governmental units. The *Governmental Accounting Standards Board* (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

B. Reporting Entity

As the municipal governing authority, for reporting purpose, the Town of Livingston is considered a separate financial reporting entity. The financial reporting entity consists of (a) the primary government (municipality), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board (GASB) Statement No. 14 established criteria for determining which component units should be considered part of the Town of Livingston for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and
 - a. the ability of the municipality to impose its will on that organization and/or
 - b. the potential for the organization to provide specific financial benefits to or impose specific financial burdens on the municipality.
2. Organizations for which the municipality does not appoint a voting majority but are fiscally dependent on the municipality.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

**Town of Livingston, Louisiana
Notes to the Financial Statements**

As of and for the Year Ended December 31, 1998

Based on the previous criteria, the Town of Livingston has determined that the following component unit is part of the reporting entity:

<u>Component Unit</u>	<u>Fiscal Year End</u>	<u>Criteria Used</u>
Livingston Intergovernmental Commission	12/98	3

The Town of Livingston has chosen to issue financial statements of the primary government (Town) only; therefore the previously listed component unit is not included in the accompanying financial statements.

GASB Statement No. 14 provides for the issuance of primary government financial statements that are separate from those of the reporting entity. However, the primary government's financial statements are not a substitute for the reporting entity's financial statements. The accompanying primary government financial statements have been prepared in conformity with generally accepted accounting principles as applied to governmental units. These financial statements are not intended to and do not report on the reporting entity but rather are intended to reflect only the financial statements of the primary government.

Considered in the determination of component units of the reporting entity were the Livingston Parish Council, Sheriff, Clerk of Court, Assessor, and School Board and the District Attorney and Judges of the 21st Judicial District. It was determined that these governmental entities are not component units of the Town of Livingston reporting entity because they have separately elected governing bodies, are legally separate, and are fiscally independent of the Town of Livingston.

C. Fund Accounting

The Town of Livingston uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. On the other hand, an account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Funds of the Town of Livingston are classified into two categories, Governmental and Proprietary. In turn, each category is divided into separate fund types. The fund classifications and a description of each fund type follows:

Governmental Funds

Governmental Funds are used to account for all or most of the municipality's general activities, including the collection and disbursement of specific or legally restricted monies, and the acquisition or construction of general fixed assets. The Governmental Funds include:

General Fund - the General Operating Fund of the municipality and accounts for all financial resources, except those required to be accounted for in other funds.

Town of Livingston, Louisiana
Notes to the Financial Statements

As of and for the Year Ended December 31, 1998

Capital Project Fund - accounts for financial resources received and used for the acquisition, construction, or improvement of capital facilities not reported in the other governmental funds.

Proprietary Funds

Proprietary Funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Proprietary Funds differ from governmental in that their focus is on income measurement, which, together with the maintenance of equity, is an important financial indicator. The Proprietary Funds include:

Enterprise Fund - account for operations (a) that are financed and operated in a manner similar to private business enterprise where the intent of the governing body is that costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user fees, or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

D. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets. The modified accrual basis of accounting is used by all governmental funds. The governmental funds use the following practices in recording revenues and expenditures.

Revenues

Governmental funds utilize the modified accrual basis of accounting. Under this method, revenues are recognized in the accounting period in which they become both available and measurable. Licenses and permits, charges for services, fines and forfeits, and miscellaneous revenues are recorded as revenues when received in cash. General property taxes, self-assessed taxes, and investment earnings are recorded when earned (when they are measurable and available).

Expenditures

Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except expenditures for debt service and other long-term obligations which are recognized when paid.

Other Financing Sources (Uses)

Transfers between funds that are not expected to be repaid are accounted for as other financing sources (uses). *These other financing sources (uses) are recognized at the time the underlying events occur.*

Town of Livingston, Louisiana
Notes to the Financial Statements

As of and for the Year Ended December 31, 1998

The proprietary fund is accounted for on a flow of economic resources measurement focus and a determination of net income and capital maintenance. With this measurement focus, all assets and all liabilities associated with the operation of this fund are included on the balance sheet. The proprietary fund uses the accrual basis of accounting. Revenues are recognized when earned, and expenses are recognized at the time the liabilities are incurred.

E. Budgets

The Town uses the following budget practices:

1. The Town Clerk prepares a proposed budget and submits same to the Mayor and Board of Aldermen no later than fifteen days prior to the beginning of each fiscal year.
2. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
5. Budgetary amendments involving the transfer of funds from one department, program or function to another or involving the increase in expenditures resulting from revenues exceeding amounts estimated, require the approval of the Board of Aldermen.
6. All budgetary appropriations lapse at the end of each fiscal year.
7. Budgets for the General, Capital Projects, and Enterprise Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted, or as amended from time to time by the Board of Aldermen.

F. Cash & Cash Equivalents

Cash includes amounts in demand deposits and interest-bearing demand deposits. Cash equivalents include amounts in time deposits and those other investments with original maturities of 90 days or less. Under state law, the Town may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

G. Investments

Investments are limited by Louisiana RS 33:2955 and the Town's investment policy. If the original maturities of investments exceed ninety days, they are classified as investments; however, if the original maturities are ninety days or less, they are classified as cash equivalents.

Town of Livingston, Louisiana
Notes to the Financial Statements

As of and for the Year Ended December 31, 1998

The Town maintains some investments in the Louisiana Asset Management Pool (LAMP), a non-profit corporation formed by an initiative of the state treasurer and organized under the laws of Louisiana to operate as a local government investment pool. LAMP invests its assets only in securities and other obligations permissible under Louisiana law for local governments.

LAMP is an external investment pool that is not registered with the SEC as an investment company, but nevertheless operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. GASB-31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, requires the reporting of investment positions in 2a7-like pools (such as LAMP) be based on the pool's share price.

II. Short-Term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as due from other funds or due to other funds on the balance sheet. Short-term interfund loans are classified as interfund receivables/payables.

I. Advances to Other Funds

Noncurrent portions of long-term interfund loan receivables are reported as advances and are offset equally by a fund balance reserve account, which indicates that they do not constitute expendable available financial resources and, therefore, are not available for appropriations. The Town of Livingston does not have any of these type advances.

J. Inventories

Purchase of various operating supplies are regarded as expenditures at the time purchased, and inventories of such supplies (if any) are not recorded as assets at the close of the fiscal year.

Inventory in the proprietary fund consists of natural gas reserves purchased and are recorded as an expense when consumed. The inventory is valued at the lower of cost (first-in, first-out) or market.

K. Prepaid Items

Prepaid expenses existing on the balance sheet date are presented as current assets on the balance sheet.

L. Fixed Assets

Fixed assets of governmental funds are recorded as expenditures at the time purchased or constructed, and the related assets are capitalized (reported) in the general fixed assets account group. Public domain or infrastructures are not capitalized. No depreciation has been provided on general fixed assets. All assets are valued at historical cost or estimated historical cost if historical cost is not available.

Town of Livingston, Louisiana
Notes to the Financial Statements

As of and for the Year Ended December 31, 1998

Fixed assets used in the proprietary fund operations are included on the balance sheet of the funds net of accumulated depreciation. Depreciation of exhaustible fixed assets used by the proprietary fund operations is charged as an expense against operations. Depreciation has been provided over the estimated useful lives of the assets using the straight-line method of depreciation.

M. Compensated Absences

All employees during their first and second year of service will receive one week paid vacation each year. One week of vacation can be taken after the first six months of the first year. Employees with two or more years service will receive two weeks paid vacation each year. Employees with 10 years or more will receive three weeks. Employees with 20 years or more will receive four weeks. Preference will be posted by January 15 of each year. Vacations will be approved by the department head and the Mayor. Vacation will be calculated on a calendar year. An employee hired after the first six months of a year will receive one week during the following calendar year. Vacation time accrued must be taken by the end of the fiscal year.

After six months employment, an employee may receive eight hours sick leave each month. After two years employment, the sick leave will increase to ten hours each month. All employees who have been employed by the Town five years or longer will receive twelve hours sick leave each month. An employee may accumulate a maximum of one thousand four hundred forty hours sick leave. No pay shall be granted for sick days if employee resigns or is terminated. No sick days shall be taken in lieu of vacations.

In accordance with GASB-16, *Accounting for Compensated Absences*, no liability has been accrued for unused employee sick leave.

N. Long-Term Obligations

Long-term obligations expected to be financed from proprietary fund operations are accounted for in those funds.

O. Fund Equity

Contributed Capital

Contributed capital is recorded in the Enterprise Fund for capital grants and contributions from developers, customers, or other funds restricted for the acquisition of or construction of capital assets. Contributed capital is amortized based on the depreciation recognized in that portion of the assets acquired or constructed from such resources.

Reserves

Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use.

Town of Livingston, Louisiana
Notes to the Financial Statements

As of and for the Year Ended December 31, 1998

Designated Fund Balances

Designated fund balances represent tentative plans for future use of financial resources.

P. Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursement to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers of the Town of Livingston are reported as operating transfers.

Q. Total Columns on Combined Statements

Total Columns on the combined statements are captioned Memorandum Only to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

2. Levied Taxes

On July 25, 1961, the Town was authorized to levy a one percent sales and use tax. The proceeds of this sales and use tax are dedicated to general corporate purposes. On August 20, 1992, the Town amended provisions of this one percent sales and use tax as to definitions, goods and services taxable, exemptions, penalties, interest, and fines.

On September 10, 1998, the Town approved an ordinance to assess a 5.19 mill ad valorem tax for 1998. The proceeds of this ad valorem tax are dedicated to general corporate purposes. This is a permanent tax per constitutional authority, and is subject to annual renewal by the Town. These taxes are due upon taxpayers' receipt of their tax bill and become delinquent January 1, 1999. Interest on unpaid Ad Valorem Taxes is added to the tax bill during March, 1999. Due to immateriality and cost factor of collections, no liens are put against assessed property upon uncollectibility of taxes.

On October 1, 1972, the Town approved the issuance of a public utilities franchise to Gulf States Utilities Company to provide electricity within the limits of the Town of Livingston. For this franchise, Gulf States Utilities Company remits 4.5% of its net taxable gross receipts from the sale of electricity within the corporate limits. On September 10, 1981, the Town approved the issuance of a public utilities franchise to provide cable television and closed-circuit electronic services within the Town's corporate limits. For this franchise, Charter Communications Corporation remits 4% of its net taxable gross subscription receipts within the corporate limits.

Town of Livingston, Louisiana
Notes to the Financial Statements

As of and for the Year Ended December 31, 1998

3. Cash and Cash Equivalents

At December 31, 1998, the Town has cash and cash equivalents (book balances) totaling \$1,394,984, as follows:

Demand Deposits	\$ 105
Interest-Bearing Demand Deposit	329,537
Louisiana Assets Management Pool	20,675
Time Deposits	<u>1,044,667</u>
	<u><u>\$ 1,394,984</u></u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At December 31, 1998, the Town has \$1,384,951 in deposits (collected bank balances). These deposits are secured from risk by \$100,000 of federal deposit insurance and \$1,284,951 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Town that the fiscal agent has failed to pay deposited funds upon demand.

4. Investments

At December 31, 1998, all investments held by the Town are classified as cash equivalents.

5. Receivables

The General Fund receivables at December 31, 1998 consist of the following:

Taxes:	
Ad Valorem	\$ 3,534
Public Utility Franchise	12,310
Sales and Use	13,451
Intergovernmental:	
Louisiana Tobacco Tax Distribution	1,349
Louisiana Beer Tax Distribution	710
Louisiana Video Poker Tax Distribution	514
Louisiana DOTD Sidewalk Project Grant	48,160
Royalties:	
Forcenergy, Inc.	<u>168</u>
	<u><u>\$ 80,196</u></u>

**Town of Livingston, Louisiana
Notes to the Financial Statements**

As of and for the Year Ended December 31, 1998

The Enterprise Fund accounts receivable at December 31, 1998 consists of the following:

Current	\$ 47,345
31 - 60 Days	9,351
61 - 90 Days	1,486
Over 90 Days	7,316
Subtotal	65,498
Allowance for Bad Debt	(1,000)
Accounts Receivables, Net	64,498
Accrued Billings	12,952
	\$ 77,450

6. Fixed Assets

The changes in general fixed assets follow:

	Beginning Balance	Asset Additions	Asset Deletions	Ending Balance
Land	\$ 54,000	\$ -	\$ -	\$ 54,000
Buildings & Improvements	701,490	-	-	701,490
Equipment	523,915	36,515	(11,000)	549,430
	\$ 1,279,405	\$ 36,515	\$ (11,000)	\$ 1,304,920

A summary of fixed assets used in the Proprietary Fund follows:

	Cost	Accumulated Depreciation	Net	Current-Year Depreciation
Buildings	\$ 6,479	\$ 4,661	\$ 1,818	\$ 164
Gas System	598,354	424,488	173,866	7,378
Water System	1,446,703	432,329	1,014,374	30,925
Sewer System	2,667,995	1,081,919	1,586,076	52,476
Machinery and Equipment	76,678	42,755	33,923	5,655
	\$ 4,796,209	\$ 1,986,152	\$ 2,810,057	\$ 96,598

7. Pension Plans

The Town of Livingston entered the Municipal Police Employees Retirement System of Louisiana, a cost-sharing, multiple-employer defined benefit plan administered by a separate board of trustees, in 1993. A description of the Municipal Police Employees Retirement System is as follows:

Town of Livingston, Louisiana
Notes to the Financial Statements

As of and for the Year Ended December 31, 1998

Plan Description: All full-time police department employees engaged in law enforcement are required to participate in the System. Employees who retire at or after age 50 with at least 20 years of creditable service or at or after age 55 with at least 12 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 1/3 percent of their final-average salary for each year of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified previously and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Police Employees Retirement System of Louisiana, 8401 United Plaza Boulevard, Baton Rouge, Louisiana 70809-2250, or by calling (504) 929-7411.

Funding Policy: Plan members are required by state statute to contribute 7.5 percent of their annual covered salary and the Town of Livingston is required to contribute at an actuarially determined rate. The current rate is 9.0 percent of annual covered payroll. The contribution requirements of plan members and the Town of Livingston are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town of Livingston's contributions to the Police Retirement System for the years ending December 31, 1998, 1997, and 1996, were \$6,449, \$6,037, and \$5,193 respectively, equal to the required contributions for each year.

8. Other Post-Retirement Benefits

All of the Town of Livingston's employees participate in the Federal Social Security Program. The Town's contributions for the year ended December 31, 1998, were \$13,302 for General Fund employees and \$6,474 for the Enterprise Fund employees. Future deficits in the system will be financed by the United States Government, and the Town has no further liability in the system. Data concerning the actuarial status of the system is not available.

The Town of Livingston adopted a Savings Incentive Match Plan for Employees (SIMPLE) IRA retirement plan administered by Fidelity Trust Company in 1998. A description of the Town's SIMPLE IRA plan is as follows:

Plan Description: Any Town employee who is not covered under the Municipal Police Employees Retirement System of Louisiana and who is reasonably expected to receive at least \$5,000 in compensation during the current calendar year is eligible to participate in the plan.

Funding Policy: Plan members elect to defer a percentage of their compensation to the plan each year, up to a maximum of \$6,000 each year. Salary reduction election amounts may be changed at any time during the sixty-day period before the beginning of each plan year, and salary reduction elections may be terminated at any time during the plan year. If a plan member's salary reduction election is terminated during the plan year, that plan member may not resume salary reduction contributions until the next plan year. The Town makes a dollar-for-dollar match of each plan member's salary reduction contributions each year, up to a maximum of 3% or \$6,000, whichever is less.

**Town of Livingston, Louisiana
Notes to the Financial Statements**

As of and for the Year Ended December 31, 1998

9. Interfund Assets/Liabilities

Due from/to others at December 31, 1998:

	Interfund Receivables	Interfund Payables
General Fund	\$ 6,657	\$ -
Capital Projects Fund	-	5
Enterprise Fund	-	6,652
	\$ 6,657	\$ 6,657

10. Restricted Assets - Proprietary Fund Type

Restricted assets were applicable to the following at December 31, 1998:

Sewer Bond Reserve Account	\$ 69,588
Bond Depreciation & Contingency Account	79,382
Customers' Deposits	58,481
	\$ 207,451

11. Changes in Long-Term Debt

The following is a summary of bond transactions of the Town of Livingston for the year ended December 31, 1998:

	Proprietary Fund Bonds/Notes
Bonds Payable, January 1, 1998	\$ 708,732
Bonds/Notes Retired	(34,951)
Bonds/Notes Issued	-
Bonds Payable, December 31, 1998	\$ 673,781

Town of Livingston, Louisiana
Notes to the Financial Statements

As of and for the Year Ended December 31, 1998

Bonds Payable at December 31, 1998, are comprised of the following individual issues:

Proprietary Fund Bonds	Current Amount	Long-term Amount	Total Principal
\$1,100,000 Utility Revenue Bonds numbers 1 and 2, dated 2/25/75, due in monthly installments of \$5,386 through 2015, interest at 5% (these issues are secured by the income and revenues derived from the operation of the Town's Utility System).	\$ 34,155	\$ 591,008	\$ 625,163
\$56,000 General Obligation Ad Valorem Tax Bonds, dated 2/20/75, due in monthly installments of \$275 through 2015, interest at 5% (these issues are secured by a dedication of a permanent Ad Valorem Tax of the Town).	1,719	30,563	32,282
\$28,000 General Obligation Ad Valorem Tax Bonds, of Sewer District No. 1 of the Town, dated 2/20/75, due in monthly installments of \$138 through 2015, interest at 5% (these issues are secured by a dedication of a permanent Ad Valorem Tax of the District).	859	15,477	16,336
General Obligation Bonds Payable	2,578	46,040	48,618
Total Proprietary Fund Bonds	\$ 36,733	\$ 637,048	\$ 673,781

The annual requirements to amortize all debt outstanding at December 31, 1998, including interest payments of \$451,225 are as follows:

Year Ending December 31	Proprietary Fund Bonds
1999	\$ 69,588
2000	69,588
2001	69,588
2002	69,588
2003	69,588
2004 - 2008	347,940
2009 - 2013	347,940
2014 - 2015	81,186
	<u>\$ 1,125,006</u>

**Town of Livingston, Louisiana
Notes to the Financial Statements**

As of and for the Year Ended December 31, 1998

12. Flow of Funds and Restrictions on Use - Utilities Revenues

The voters of the Town of Livingston approved the issuance of \$1,100,000 Utility Revenue Bonds, \$56,000 General Obligation Ad Valorem Tax Bonds of the Town and \$28,000 General Obligation Ad Valorem Tax Bonds of Sewer District No. 1 of the Town in an election held August 24, 1974. The governing authority of the Town adopted a resolution on January 13, 1975, authorizing issuance of the above utility bonds. On February 20, 1975, the Town sold \$1,184,000 of the authorized bonds to United States Department of Agriculture, Rural Utility Service (RUS). The bonds were issued for forty (40) years payable with interest at the rate of 5% per annum. The bonds and any installments may be paid prior to the due date and maturity thereof at a price of par and accrued interest to the date of prepayment. The proceeds of the bonds are restricted to use for redeeming \$198,640 of "1958 Water and Gas Revenue Bonds" of the Town and construction and improvements to the combined utility system and are subject to the provisions of the above resolution adopted January 13, 1975.

Under the terms of the bond proceeds to the Town, the revenue bonds are payable as to principal and interest solely from the income and revenue derived from the operation of the combined utility system of the Town after provision has been made for payment of the reasonable and necessary expenses of administering, operating, and maintaining the system. The Ad Valorem Tax Bonds of the Town are secured by a dedication of a permanent Ad Valorem tax of the Town. These bonds do not constitute an indebtedness or pledge of the general credit of the Town within the meaning of any constitutional or statutory limitation of indebtedness.

The Town is to maintain its present gas rates and increase these rates when the wholesale price of natural gas increases by adding a fuel adjustment cost equal to the difference per 1,000 cubic feet. The Town has minimum water rates it must charge under this agreement.

Each month the Town will reserve into a "Bond and Interest Sinking (Redemption) Fund" a sum equal to one-twelfth (1/12) of the interest and principal due on the next bond payment due date, and a proportionate sum as may be required as the bonds respectfully become due. Money in the sinking funds shall be deposited as trust funds and shall be fully sufficient to assure the prompt payment of principal and interest installments as they become due, and may be used only for such payments. Alternately, RUS has set up a payment schedule whereby the Town can make such payments directly to its office, thus eliminating the need for the "Bond and Interest Sinking Fund."

There shall also be set aside into a "Utility System Bond Reserve Fund" a sum equal to 5% of the monthly bond payment (\$290) after the construction becomes revenue-producing until there is accumulated therein an amount equal to the highest annual debt service payment in any future year. Such amounts may be used only for the payment of maturing bonds and interest coupons for which sufficient funds are not on deposit in the Bond and Interest Sinking Fund as to which there would otherwise be default. The balance in the fund at December 31, 1998 is \$69,588.

**Town of Livingston, Louisiana
Notes to the Financial Statements**

As of and for the Year Ended December 31, 1998

Funds will also be reserved into a "Depreciation and Contingency Fund" after completion of the project at the rate of \$275 per month. Money in this fund will be used for the making of extraordinary repairs or replacements to the system which are necessary to keep the system in operating condition, enhance its revenue producing capacity, or provide for a higher degree of service for which money is not available as a maintenance and operation expense. Money in this fund may also be used to pay principal and interest on the bonds falling due at any time there is not sufficient money for payments in the other bond funds. The balance in the fund at December 31, 1998 is \$79,382.

All the revenues received in any fiscal year and not required to be paid into any of the above noted funds shall be regarded as surplus and may be used for any lawful corporate purpose.

As of December 31, 1998, the Town has not assessed any Ad Valorem Taxes to be used for payment of the Ad Valorem tax bond issues. The Town has elected to make the payments out of current utility revenues.

13. Contributions - Proprietary Fund Type

Contributions toward the cost of the utility plant and engineering services have been received as follows:

Municipality - General Fund	\$ 82,334
Special Revenue Fund - Federal Revenue Sharing	4,740
U.S. Government - Environmental Protection Agency	1,497,908
State of Louisiana	160,000
Louisiana Community Development Block Grant 1996	519,503
Louisiana Rural Development Grant	25,000
Livingston Parish School Board	32,235
Private Sources	4,922
Subtotal	<u>2,326,642</u>
Accumulated Amortization	<u>(887,686)</u>
Net Contributed Capital	<u><u>\$ 1,438,956</u></u>

A \$25,000 Louisiana Rural Development Grant was received by the Town in 1998. This grant was originally designated for the construction of a new fire station. After receiving proper approval from the Louisiana Office of Rural Development, this grant was designated towards the construction of a new water well. These funds are included in the contributions above.

14. 2% Fire Insurance Rebate

The Town maintains an active certified volunteer fire department as defined by Louisiana R. S. 22:1580 and is eligible for and receives a pro rata share of the fire insurance tax collected by the State. The amounts received by the fire department are based on the population in the Town and unincorporated areas that it serves. In accordance with the Revised Statutes, such money shall be used only for the purpose of "rendering more efficient and efficacious" the active volunteer fire department as the Town shall direct.

Town of Livingston, Louisiana
Notes to the Financial Statements

As of and for the Year Ended December 31, 1998

15. Oil, Gas, and Mineral Lease

On January 4, 1983, the Town leased all of its lands, streets, alleys, public ways and places containing 141.60 acres, more or less to Callon Petroleum Company (high bidder) of Natchez, Mississippi, for the purpose of exploring by any method, including but not limited to, geophysical and geological exploration for formations of structures and prospecting and drilling for, mining, and producing sulphur, potash, oil, gas and any other liquid or gaseous hydrocarbon minerals.

The rights herein granted are limited as to depth and said rights extend only from the surface of the earth to 100 feet below the base of the Wilcox formation, or its stratigraphic equivalent. All rights for minerals lying below said depth to the center of the earth are expressly reserved to the lessor.

The Town's 25% royalty rights under the above lease are currently assigned to Force Energy Gas Exploration, Inc. During the fiscal year ending December 31, 1998, the Town of Livingston recorded \$3,590 in royalty income.

The royalties received under the oil, gas, and mineral leases are reported in the Town's general fund.

16. Garment Building Lease

The Town renewed a 2-year lease as lessor with LDS, Inc. commencing on September 15, 1997. This lease on the garment building owned by the Town requires LDS, Inc. to pay a monthly rental of \$1,500.

17. Year 2000 Issue

The year 2000 issue is the result of shortcomings in many electronic data processing systems and other electronic equipment that may adversely affect the Town's operations as early as fiscal year 1999.

The Town has performed a preliminary inventory of computer systems and other electronic equipment that may be affected by the year 2000 issue, and has taken significant action to achieve year 2000 compliance. The Town has ordered the hardware and operating system components and software to achieve year 2000 compliance, and is in the process of implementation and testing. For accounting and utility billing programs, software changes necessary to achieve year 2000 compliance are to be implemented during the third quarter of 1999.

Because of the unprecedented nature of the year 2000 issue, its effect and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Management cannot assure that the Town will be year 2000 ready, the Town's remediation efforts will be successful in whole or in part, or that parties with whom the Town does business will be year 2000 ready.

General Fund

To account for the resources traditionally associated with governments which are not required to be accounted for in another fund.

Town of Livingston, Louisiana

Schedule 1

Comparative Balance Sheet
Governmental Fund Type
December 31, 1998 and 1997

	General Fund	
	1998	1997
Assets		
Cash & Cash Equivalents	\$ 763,042	\$ 703,030
Taxes Receivable:		
Ad Valorem Taxes	3,534	4,469
Public Utility Franchise Taxes	12,310	15,041
Sales and Use Taxes	13,451	9,116
Royalties Receivable	168	120
Due From Other Funds:		
Capital Project Fund	5	-
Enterprise Fund	6,652	77,560
Due From Other Governments:		
Louisiana Tobacco Tax Distribution	1,349	1,349
Louisiana Beer Tax Distribution	710	790
Louisiana Video Poker Tax Distribution	514	286
Louisiana DOTD Sidewalk Project Grant	48,160	-
Total Assets	\$ 849,895	\$ 811,761
Liabilities and Fund Balance		
Liabilities:		
Accounts Payable	\$ 9,656	\$ 12,486
Other Accrued Expenses	2,292	3,363
Due to Other Funds	-	33
Total Liabilities	11,948	15,882
Fund Balance:		
Unreserved & Undesignated	837,947	795,879
Total Fund Balance	837,947	795,879
Total Liabilities and Fund Balance	\$ 849,895	\$ 811,761

The accompanying notes are an integral part of these statements.

Town of Livingston, Louisiana

Schedule 2

Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget (GAAP Basis) and Actual - Governmental Fund Type

Year Ended December 31, 1998 With Comparative Actual Amounts For Year Ended December 31, 1997

	General Fund			
	1998		Variance Favorable (Unfavorable)	1997
Revenues	Budget	Actual		Actual
Taxes:				
Sales and Use Taxes	\$ 135,000	\$ 136,242	\$ 1,242	\$ 136,627
Ad Valorem Taxes	16,000	17,284	1,284	16,107
Public Utility Franchise Taxes	63,500	58,632	(4,868)	60,910
Licenses and Permits:				
Business Licenses	69,000	69,251	251	63,532
Beer Permits	300	286	(14)	105
Building Permits	500	1,059	559	498
Intergovernmental:				
Louisiana Tobacco Tax Distribution	5,500	5,395	(105)	5,395
Louisiana Beer Tax Distribution	1,600	3,041	1,441	1,587
Louisiana Fire Insurance Rebate	2,700	2,712	12	2,594
Louisiana Road Maintenance	4,300	4,191	(109)	4,191
Louisiana Video Poker Tax Distribution	1,600	1,834	234	1,487
Sanitation Fees	36,000	36,795	795	34,009
Fines	42,000	48,086	6,086	56,446
Interest Income	32,000	40,335	8,335	36,447
Oil, Gas, & Mineral Royalties	3,500	3,590	90	3,720
Rental Income	18,000	18,000	-	15,500
Grass Cutting	1,000	1,110	110	-
Fire Department	1,000	3,035	2,035	-
Parks and Recreation	25,000	25,282	282	21,505
Miscellaneous	1,500	4,399	2,899	2,953
Louisiana DOTD Sidewalk Project Grant	48,000	48,160	160	-
Louisiana Law Enforcement Grant	1,100	3,399	2,299	3,703
Total Revenues	<u>509,100</u>	<u>532,118</u>	<u>23,018</u>	<u>467,316</u>

(Continued)

The accompanying notes are an integral part of these statements.

Town of Livingston, Louisiana

Schedule 2

Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget (GAAP Basis) and Actual - Governmental Fund Type

Year Ended December 31, 1998 With Comparative Actual Amounts For Year Ended December 31, 1997

Expenditures	General Fund			
	1998		Variance	1997
	Budget	Actual	Favorable (Unfavorable)	Actual
General and Administrative:				
Salaries, Mayor and Aldermen	\$ 25,300	\$ 25,300	\$ -	\$ 24,850
Salaries, Town Clerk	23,000	23,842	(842)	20,738
Salaries, Court Clerk	900	900	-	900
Office Expenses	3,600	3,344	256	2,733
Office Telephone	2,600	2,515	85	2,283
Advertising and Printing	3,000	2,347	653	2,388
Professional Services	20,500	20,088	412	18,517
Dues, Subscriptions, and Meetings	7,500	7,549	(49)	6,240
Insurance (All Departments)	51,000	51,037	(37)	56,491
Employee Insurance (All Departments)	7,000	7,287	(287)	8,711
Employee Retirement (All Departments)	1,000	990	10	-
Payroll Taxes (All Departments)	16,900	16,534	366	16,587
Section 125 (All Departments)	-	-	-	7,598
Beautification	1,000	881	119	169
Building and Grounds Maintenance	2,500	8,964	(6,464)	441
SBA Tree Grant	2,000	-	2,000	-
Industrial Building Repairs	2,500	2,295	205	5,500
Miscellaneous	8,500	7,476	1,024	7,838
Capital Outlay	1,500	1,442	58	1,177
Total General and Administrative	<u>180,300</u>	<u>182,791</u>	<u>(2,491)</u>	<u>183,161</u>
Public Safety:				
Police Department:				
Salaries	89,000	92,651	(3,651)	85,603
Supplies	5,000	2,029	2,971	6,082
Automobile Expense	8,000	8,974	(974)	10,451
Automobile Fuel	6,500	6,098	402	4,110
Retirement	6,000	6,449	(449)	6,037
Miscellaneous	1,500	1,578	(78)	2,339
Capital Outlay	24,000	24,479	(479)	42,381
Total Police Department	<u>140,000</u>	<u>142,258</u>	<u>(2,258)</u>	<u>157,003</u>
Fire Department:				
Salaries	18,400	19,393	(993)	18,266
Miscellaneous	7,200	8,152	(952)	8,912
Capital Outlay	5,200	4,800	400	6,292
Total Fire Department	<u>30,800</u>	<u>32,345</u>	<u>(1,545)</u>	<u>33,470</u>
Total Public Safety	<u>170,800</u>	<u>174,603</u>	<u>(3,803)</u>	<u>190,473</u>

(Continued)

The accompanying notes are an integral part of these statements.

Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget (GAAP Basis) and Actual - Governmental Fund Type
Year Ended December 31, 1998 With Comparative Actual Amounts For Year Ended December 31, 1997

	General Fund			1997
	1998	Variance Favorable (Unfavorable)		
	Budget	Actual		Actual
Street Department:				
Salaries	\$ 43,700	\$ 43,656	\$ 44	\$ 41,013
Utilities, Street Lights	14,500	13,171	1,329	14,583
Repairs and Maintenance	4,500	4,626	(126)	3,354
Equipment Operation	16,500	11,953	4,547	16,791
Sidewalk Project	48,000	48,160	(160)	-
Miscellaneous	23,000	24,218	(1,218)	10,228
Capital Outlay	6,000	5,795	205	9,995
Total Street Department	<u>156,200</u>	<u>151,579</u>	<u>4,621</u>	<u>95,964</u>
Sanitation Department:				
Collection Fees	47,000	45,859	1,141	46,152
Total Sanitation Department	<u>47,000</u>	<u>45,859</u>	<u>1,141</u>	<u>46,152</u>
Health Department:				
Salaries	3,000	2,400	600	2,400
Miscellaneous	800	590	210	2,284
Total Health Department	<u>3,800</u>	<u>2,990</u>	<u>810</u>	<u>4,684</u>
Parks and Recreation:				
Salaries	2,500	2,500	-	3,000
Supplies	2,000	1,252	748	125
Program	19,000	18,513	487	21,802
Miscellaneous	2,500	2,389	111	3,623
Capital Outlay	-	-	-	750
Total Parks and Recreation:	<u>26,000</u>	<u>24,654</u>	<u>1,346</u>	<u>29,300</u>
Total Expenditures	<u>584,100</u>	<u>582,476</u>	<u>1,624</u>	<u>549,734</u>
Excess Revenues (Expenditures)	<u>(75,000)</u>	<u>(50,358)</u>	<u>24,642</u>	<u>(82,418)</u>
Other Financing Sources (Uses)				
Sale of Fixed Assets	1,000	955	(45)	1,644
Operating Transfers In	77,000	91,471	14,471	150,000
Operating Transfers Out	-	-	-	(10,067)
Total Other Financing Sources (Uses)	<u>78,000</u>	<u>92,426</u>	<u>14,426</u>	<u>141,577</u>
Excess Revenues and Other Sources	<u>\$ 3,000</u>	<u>42,068</u>	<u>\$ 39,068</u>	<u>59,159</u>
Fund Balance, Beginning of Year		<u>795,879</u>		<u>736,720</u>
Fund Balance, End of Year		<u>\$ 837,947</u>		<u>\$ 795,879</u>

(Concluded)

The accompanying notes are an integral part of these statements.

Proprietary Fund

Enterprise Fund

To account for the provision of natural gas, water and sewer service to customers and residents of the Town. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operation, maintenance, financing and related debt service and billing and collection.

Town of Livingston, Louisiana

Schedule 3

Comparative Balance Sheet
Proprietary Fund Type
December 31, 1998 and 1997

Assets	Enterprise Fund	
	1998	1997
Current Assets:		
Cash & Cash Equivalents	\$ 424,486	\$ 752,930
Inventory, Natural Gas	7,005	1,925
Accounts Receivable (Net of Allowance for Uncollectibles)	77,450	89,737
Prepaid Expenses	694	1,173
Total Current Assets	<u>509,635</u>	<u>845,765</u>
Restricted Cash and Cash Equivalents:		
Bond Reserve Fund	69,588	69,588
Bond Depreciation and Contingency Fund	79,382	76,151
Customer Deposits	58,481	70,711
Total Restricted Assets	<u>207,451</u>	<u>216,450</u>
Property, Plant, and Equipment		
Buildings	6,479	3,202
Natural Gas, Water, and Sewer Systems	4,713,052	3,808,623
Machinery and Equipment	76,678	50,893
Accumulated Depreciation	<u>(1,986,152)</u>	<u>(1,894,815)</u>
Net Property, Plant, and Equipment	<u>2,810,057</u>	<u>1,967,903</u>
Total Assets	<u>\$ 3,527,143</u>	<u>\$ 3,030,118</u>
 Liabilities and Equity		
Current Liabilities (Payable From Current Assets):		
Accounts Payable	\$ 37,776	\$ 20,514
Other Accrued Expenses	909	2,315
Revenue Bonds Payable	36,733	34,945
Due To General Fund	6,652	77,560
Total Current Liabilities (Payable From Current Assets)	<u>82,070</u>	<u>135,334</u>
Current Liabilities (Payable From Restricted Assets):		
Customer Deposits Payable	58,885	54,824
Total Current Liabilities (Payable From Restricted Assets)	<u>58,885</u>	<u>54,824</u>
Long-Term Liabilities:		
Revenue Bonds Payable	637,048	673,787
Total Long-Term Liabilities	<u>637,048</u>	<u>673,787</u>
Total Liabilities	<u>778,003</u>	<u>863,945</u>
Equity:		
Contributed Capital	2,326,642	1,782,139
Accumulated Amortization	(887,686)	(843,450)
Retained Earnings, Reserve for Bond Retirement	69,588	69,588
Retained Earnings, Reserve for Bond Depreciation and Contingency	79,382	76,151
Retained Earnings, Unreserved	<u>1,161,214</u>	<u>1,081,745</u>
Total Equity	<u>2,749,140</u>	<u>2,166,173</u>
Total Liabilities and Equity	<u>\$ 3,527,143</u>	<u>\$ 3,030,118</u>

The accompanying notes are an integral part of these statements.

Town of Livingston, Louisiana

Schedule 4

Schedule of Revenues, Expenses, and Changes in Unreserved Retained Earnings
Budget (GAAP Basis) and Actual - Proprietary Fund Type

Year Ended December 31, 1998 With Comparative Actual Amounts For Year Ended December 31, 1997

	Enterprise Fund			1997 Actual
	1998 Budget	1998 Actual	Variance Favorable (Unfavorable)	
Operating Revenues				
Gas Sales	\$ 202,000	\$ 191,863	\$ (10,137)	\$ 200,230
Less Cost of Gas Sold	(76,000)	(75,761)	239	(88,925)
Gross Profit on Gas Sales	126,000	116,102	(9,898)	111,305
Water Sales	230,000	231,065	1,065	216,511
Sewer Service Charges	68,000	68,215	215	65,778
Service Connection Charges	25,000	26,777	1,777	21,292
Delinquent Charges	12,000	12,627	627	15,012
Other Operating Revenues	4,000	218	(3,782)	3,669
Total Operating Revenues	465,000	455,004	(9,996)	433,567
Operating Expenses				
Maintenance Salaries	65,000	68,570	(3,570)	48,888
Office Salaries	37,000	37,496	(496)	37,262
Contract Repairs	24,500	22,269	2,231	8,638
Materials and Supplies	21,000	21,470	(470)	21,960
Uniform Rental	700	757	(57)	354
Truck Expense	5,500	5,270	230	4,603
Sewer Expense	10,500	11,457	(957)	7,986
Office Expense	14,000	11,649	2,351	10,290
Employee Insurance	3,500	-	3,500	-
Employee Retirement	-	1,209	(1,209)	-
Payroll Taxes	12,000	8,107	3,893	7,211
Professional Services	15,000	11,071	3,929	10,267
Depreciation	95,000	96,598	(1,598)	91,295
Utilities	18,400	21,014	(2,614)	22,213
Insurance	15,000	14,344	656	15,416
Bad Debt Expense	-	-	-	1,675
Other Operating Expenses	4,000	3,246	754	2,223
Total Operating Expenses	341,100	334,527	6,573	290,281
Operating Income (Loss)	123,900	120,477	(3,423)	143,286

(Continued)

The accompanying notes are an integral part of these statements.

Town of Livingston, Louisiana

Schedule 4

Schedule of Revenues, Expenses, and Changes in Unreserved Retained Earnings
Budget (GAAP Basis) and Actual - Proprietary Fund Type

Year Ended December 31, 1998 With Comparative Actual Amounts For Year Ended December 31, 1997

	Enterprise Fund			1997 Actual
	1998		Variance Favorable (Unfavorable)	
	Budget	Actual		
Nonoperating Revenues (Expenses)				
Interest Revenue	\$ 40,000	\$ 44,062	\$ 4,062	\$ 55,032
Interest Expense	(52,000)	(34,637)	17,363	(36,436)
Total Nonoperating Revenues (Expenses)	(12,000)	9,425	21,425	18,596
Operating Transfers In (Out)	(77,000)	(91,438)	(14,438)	(150,000)
Net Income	\$ <u>34,900</u>	38,464	\$ <u>3,564</u>	11,882
Unreserved Retained Earnings, Beginning		1,081,745		1,033,912
Amortization of Contributions		44,236		44,236
Increases in Reserves		(3,231)		(8,285)
Unreserved Retained Earnings, Ending		\$ <u>1,161,214</u>		\$ <u>1,081,745</u>

(Concluded)

The accompanying notes are an integral part of these statements.

Town of Livingston, Louisiana

Schedule 5

Schedule of Cash Flows
Proprietary Fund Type
Years Ended December 31, 1998 and 1997

	Enterprise Fund	
	1998	1997
Cash Flows From Operating Activities		
Operating Income	\$ 120,477	\$ 143,286
Adjustments to Reconcile Operating Income to Net Cash Provided (Used)		
by Operating Activities:		
Depreciation	96,598	91,295
Change in Inventory	(5,080)	1,220
Change in Accounts Receivable	12,287	(7,038)
Change in Prepaid Expenses	479	2,627
Change in Accounts Payable	17,262	(7,607)
Change in Other Accrued Expenses	(1,406)	157
Change in Due to Other Funds	(70,908)	55,034
Change in Customer Deposits Payable	4,061	2,174
Net Cash Provided (Used) by Operating Activities	<u>173,770</u>	<u>281,148</u>
Cash Flows From Capital and Related Financing Activities		
Capital Improvements	(938,752)	(27,109)
Capital Contributions	544,503	-
Principal Repayments, Revenue Bonds Payable	(34,951)	(33,152)
Operating Transfers Out	(91,438)	(150,000)
Interest Revenue	44,062	55,032
Interest Expense	(34,637)	(36,436)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(511,213)</u>	<u>(191,665)</u>
Net Increase (Decrease) in Cash	(337,443)	89,483
Cash at Beginning of Year	969,380	879,897
Cash at End of Year	<u>\$ 631,937</u>	<u>\$ 969,380</u>

The accompanying notes are an integral part of these statements.

Town of Livingston, Louisiana

Schedule 6

Comparative Schedule of Changes in Assets Restricted for RUS Debt Service
 Proprietary Fund Type
 Years Ended December 31, 1998 and 1997

	1998		
	Bond Reserve Fund	Depreciation & Contingency Fund	Total
Balance, Beginning of Year	\$ 69,588	\$ 76,151	\$ 145,739
Receipts	-	3,231	3,231
Disbursements	-	-	-
Balance, End of Year	<u>\$ 69,588</u>	<u>\$ 79,382</u>	<u>\$ 148,970</u>

	1997		
	Bond Reserve Fund	Depreciation & Contingency Fund	Total
Balance, Beginning of Year	\$ 68,724	\$ 68,730	\$ 137,454
Receipts	864	7,421	8,285
Disbursements	-	-	-
Balance, End of Year	<u>\$ 69,588</u>	<u>\$ 76,151</u>	<u>\$ 145,739</u>

The accompanying notes are an integral part of these statements.

Town of Livingston, Louisiana

Schedule 7

**Comparative Schedule of Gas Sales and Purchases
Proprietary Fund Type
Years Ended December 31, 1998 and 1997**

	<u>12/31/98</u>	<u>12/31/97</u>	
Gas Sales and Purchases (Dollars)			
Gas Sales	\$ 191,863	\$ 200,230	
Gas Purchases	(75,761)	(88,925)	
Gross Profit	<u>\$ 116,102</u>	<u>\$ 111,305</u>	
 Gross Profit Percentage of Sales	 60.5%	 55.6%	
 Gas Unaccounted For (Thousands of Cubic Feet)			
Gas Sales	23,528	27,130	
Gas Purchases	23,256	26,688	
Gas Unaccounted For	<u>(272)</u>	<u>(442)</u>	
 Cost of Gas Unaccounted For (Gain) or Loss	 \$ (887)	 \$ (1,472)	
 Number of Customers			
In Service - Residential Customers	379	366	
In Service - Commercial Customers	43	46	
In Service - Industrial Customers	1	-	
Number of Customers	<u>423</u>	<u>412</u>	
 Gas Sales and Purchases Per Service Category at 12/31/98 (Per Thousand Cubic Feet)			
	<u>Residential</u>	<u>Commercial</u>	<u>Industrial</u>
Gas Sales	\$ 8.34	\$ 10.20	\$ 9.19
Gas Purchases (Average Cost)	(3.26)	(3.26)	(3.26)
Gross Profit	<u>\$ 5.08</u>	<u>\$ 6.94</u>	<u>\$ 5.93</u>

The accompanying notes are an integral part of these statements.

General Fixed Assets Account Group

To account for property, plant and equipment not used in Proprietary Fund operations.

Town of Livingston, Louisiana

Schedule 8

Schedule of General Fixed Assets
General Fixed Assets Account Group
December 31, 1998

General Fixed Assets at Cost

Land	\$ 54,000
Buildings and Improvements	701,490
Equipment	549,430
Total General Fixed Assets	<u>\$ 1,304,920</u>

Investment in General Fixed Assets

General Fund	\$ 614,727
Federal Revenue Sharing	29,279
Antirecession	2,201
Public Improvement Bonds	65,075
Federal Grants	421,756
State Grants	90,828
Gifts	56,580
Special Assessment Fund	24,474
Total Investment in General Fixed Assets	<u>\$ 1,304,920</u>

Note: certain improvements, such as streets and sidewalks, are not capitalized.

The accompanying notes are an integral part of these statements.

Supplemental Information

Town of Livingston, Louisiana

Schedule 9

Schedule of Expenditures of Federal Awards
Year Ended December 31, 1998

Federal Grantor Pass-Through Grantor Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Expenditures
United States Department of Housing and Urban Development Passed Through Louisiana State Division of Administration Fiscal Year 1996 - 1997 LCDBG Project	14.219	-	\$ 470,535
United States Department of Justice Passed Through Louisiana Commission on Law Enforcement and Administration of Criminal Justice Law Enforcement Equipment	16.592	-	2,219
United States Department of Transportation Federal Highway Administration Passed Through Louisiana Department of Transportation Livingston Sidewalk Project	20.205	-	<u>48,160</u>
Total Expenditures of Federal Awards			<u>\$ 520,914</u>

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Town of Livingston, Louisiana and is presented on the cash basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations." Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the primary government financial statements.

Note 2 - Loans Outstanding

The Town of Livingston, Louisiana had the following loan balances outstanding at December 31, 1998. These loan balances are not included in the federal expenditures presented in the schedule:

Federal Grantor Pass-Through Grantor Program Title	Federal CFDA Number	Amount Outstanding 12/31/98
United States Department of Agriculture Passed Through United States Department of Agriculture Water And Waste Disposal Loans and Grants		
Loan Repayment (Loan #91-01)	10.770	\$ 32,282
Loan Repayment (Loan #92-01)	10.770	16,336
Loan Repayment (Loan #93-03)	10.770	499,915
Loan Repayment (Loan #97-04)	10.770	<u>125,248</u>
Total Loans Outstanding		<u>\$ 673,781</u>

The accompanying notes are an integral part of these statements.

Town of Livingston, Louisiana

Schedule 10

Schedule of Insurance
Year Ended December 31, 1998

Insurance Company	Coverage	Amount	Period
ITT Hartford Policy Number 43UECKI7231	Commercial Property: Town Hall Building Machinery & Equipment Business Property Fire Station Maintenance Shop	\$ 232,020 Blanket Limit	12/10/98 - 12/10/99
EMC Insurance Company Policy Number T207924	Public Employee Fidelity Bond	\$ 25,000	01/23/98 - 01/23/99
EMC Insurance Company Policy Number S089816	Rural Utility Service Fidelity Bond: Mayor Clerk	\$ 150,000 150,000	09/22/98 - 09/22/99
Audubon Indemnity Company Policy Number APD801718	Commercial Auto: Physical Damage	\$ 255,868	05/25/98 - 05/25/99
EMC Insurance Company Policy Number 1X2091599	Commercial Property: Industrial Building Rental Income	\$ 300,000 15,000	12/10/98 - 12/10/99
Risk Management, Inc. Policy Number WC104	Workers' Compensation	\$ Statutory Limits	01/01/98 - 01/01/99
Risk Management, Inc. Policy Number LML195	Automobile Liability: Owned Hired Non-Owned General Liability: Premises/Operations Completed Operations Medical Payments Fire Legal Liability Police Professional Liability Errors & Omissions Liability	\$ 500,000 Combined Single Limit	05/01/98 - 05/01/99
Western Surety Company Policy Number 13572465	Notary Bond	\$ 5,000	07/26/98 - 07/26/99
National Casualty Company Policy Number 4094953892	Sports Accident Insurance: Death & Specific Loss Medical Expense	\$ 12,500 10,000	04/02/98 - 09/02/98

The accompanying notes are an integral part of these statements.

Town of Livingston, Louisiana

Schedule 11

Schedule of Per Diem Payments
Year Ended December 31, 1998

The schedule of compensation paid board members is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature.

	Total Salaries and Fees Received
Derral Jones, Mayor	\$ 13,900
Brent Bencaz, Alderman	2,250
Greg Bencaz, Alderman	2,250
Julia Higginbotham, Alderwoman	2,250
Randy Morgan, Alderman	2,325
Joey Sibley, Alderman	2,325
	<u>\$ 25,300</u>

The accompanying notes are an integral part of these statements.

Town of Livingston, Louisiana

Schedule 12

**Summary Schedule of Prior Year Audit Findings
Year Ended December 31, 1998**

Section I - Internal Control and Compliance Material to the Financial Statements

No section I findings.

Section II - Internal Control and Compliance Material to Federal Awards

No section II findings.

Section III - Management Letter

No section III findings.

Corrective Action Plan for Current Year Audit Findings
Year Ended December 31, 1998

Section I - Internal Control and Compliance Material to the Financial Statements

Reference Number: 98-1

Description of Finding: It was noted in Footnote 17 (Year 2000 Issue) of the *Notes to the Financial Statements* that the Town of Livingston, Louisiana has performed a preliminary inventory of computer systems and other electronic equipment that may be affected by the year 2000 issue, and that significant action has been taken to achieve year 2000 compliance. This action consists of inventory of existing hardware and operating systems for required year 2000 changes, with implementation of the proposed changes currently in progress. For accounting and utility billing programs, required changes to achieve year 2000 compliance should be completed during the third quarter of 1999. In addition, it is noted that for the utility system, year 2000 compliance may be affected by the operation of electrical components within utility plants.

We recommend that the Town of Livingston, Louisiana continue efforts to achieve year 2000 compliance, implementing any updates to accounting and utility billing programs as soon as possible, in order to allow adequate time for validation and testing.

Corrective Action Planned: We will continue our efforts to achieve year 2000 compliance, and will, to the extent possible, implement the remaining changes in a timely manner to allow time for validation and testing of year 2000 system changes.

Anticipated Completion Date: Year 2000 compliance actions are currently in progress and will continue through the end of the year 1999.

Name of Contact Person: Derral Jones, Mayor
Town of Livingston, Louisiana
20550 Circle Drive
Livingston, Louisiana 70754
(225) 686-7153

Section II - Internal Control and Compliance Material to Federal Awards

No section II findings.

Section III - Management Letter

No section III findings.

Schedule of Findings and Questioned Costs
Year Ended December 31, 1998

I Type of Report Issued on the Financial Statements

A qualified opinion was issued on the financial statements for the Town of Livingston, Louisiana. The opinion was qualified because of year 2000 disclosures as required by Governmental Accounting Standards Board (GASB) Technical Bulletin 98-1, *Disclosures about Year 2000 Issues*, as amended by GASB Technical Bulletin 99-1, *Disclosures About Year 2000 Issues - an Amendment to Technical Bulletin 98-1*.

II Disclosure of Reportable Conditions in Internal Control

Reportable conditions were disclosed by the audit of the financial statements of the Town as Reference Number 98-1 within the Corrective Action Plan for Current Year Audit Findings.

III Disclosure of Noncompliance Material to the Financial Statements

There were no instances of noncompliance material to the financial statements disclosed by the audit of the financial statements of the Town for the fiscal year ended December 31, 1998.

IV Disclosure of Reportable Conditions in Internal Control Over Major Programs

There were no reportable conditions for major programs for the Town for the fiscal year ending December 31, 1998.

V Type of Report Issued for Major Programs

Unqualified.

VI Disclosure of Audit Findings Required to be Reported under S____.510 Audit Findings.

There were no reportable conditions for major programs for the Town for the fiscal year ending December 31, 1998.

VII Identification of Major Programs

The Major Program identified for the Town for the fiscal year ending December 31, 1998 was CFDA # 14.219, U.S. Department of Housing and Urban Development, Community Development Block Grant/Small Cities Program.

VIII Dollar Threshold to Distinguish Between Type "A" and Type "B" Programs

Expenditures of \$300,000.

IX Statement as to Whether the Auditee qualified as Low-Risk Auditee under S____.530

The Town qualified as a low-risk auditee under the provisions of S____.530.

Town of Livingston, Louisiana

Schedule 14

**Schedule of Findings and Questioned Costs
Year Ended December 31, 1998**

X Findings Which Must be Reported in Accordance with GAGAS

There were no findings to be reported in accordance with GAGAS.

XI Findings and Questioned Costs for Federal Awards

There were no findings or questioned costs for the Town for the fiscal year ended December 31, 1998.

Bruce C. Harrell, CPA

Warren A. Wool, CPA
Michael P. Estay, CPA
Dale H. Jones, CPA
Charles P. Hebert, CPA
James D. Rabalais, CPA

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL STRUCTURE OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The Honorable Mayor Derral Jones
and Members of the Board of Aldermen
Town of Livingston, Louisiana

We have audited the primary government financial statements of the Town of Livingston, Louisiana, as of and for the year ended December 31, 1998, and have issued our report thereon dated June 23, 1999, which was qualified because insufficient audit evidence exists to support the Town of Livingston, Louisiana's disclosure with respect to the year 2000 issue. Except as discussed in the preceding sentence, we conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Town of Livingston, Louisiana's primary government financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance that is required to be reported under *Governmental Auditing Standards* which is described in the accompanying schedule of Corrective Action Plan for Current Year Audit Findings as item 98-1.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town of Livingston, Louisiana's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the primary government financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the primary government financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

BRUCE HARRELL & CO.
CERTIFIED PUBLIC ACCOUNTANTS
A Professional Accounting Corporation

The Honorable Mayor Derral Jones
and Members of the Board of Aldermen
Town of Livingston, Louisiana

Page 2

This report is intended for the information of the management of the Town of Livingston, Louisiana, the Legislative Auditors, and the cognizant Federal Agency. This restriction is not intended to limit the distribution of this report, which upon acceptance by the Town of Livingston, Louisiana is a matter of public record.



Bruce Harrell & Company, CPAs
A Professional Accounting Corporation

June 23, 1999

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Michael P. Estay, CPA
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**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR
PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH
OMB CIRCULAR A-133**

The Honorable Mayor Derral Jones
and Members of the Board of Aldermen
Town of Livingston, Louisiana

Compliance

We have audited the compliance of the Town of Livingston, Louisiana with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended December 31, 1998. The Town of Livingston, Louisiana's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Town of Livingston, Louisiana's management. Our responsibility is to express an opinion on the Town of Livingston, Louisiana's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards, the standards applicable to financial audits contained in *Governmental Auditing Standards* issued by the Comptroller General of the United States, and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town of Livingston, Louisiana's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Town of Livingston, Louisiana's compliance with those requirements.

In our opinion, the Town of Livingston, Louisiana complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 1998.

The Honorable Mayor Derral Jones
and Members of the Board of Aldermen
Town of Livingston, Louisiana

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Internal Control Over Compliance

The management of the Town of Livingston, Louisiana is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Town of Livingston, Louisiana's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of management, the Legislative Auditor, and the Federal Cognizant Agencies. This restriction is not intended to limit the distribution of this report, which is a matter of public record.



Bruce Harrell & Company, CPAs
A Professional Accounting Corporation

June 23, 1999