

**Livingston Parish President and Council
(Primary Government)**

Annual Financial Statements

As of December 31, 2007, and for the Year then Ended

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the 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 1/7/09

**LIVINGSTON PARISH, LOUISIANA
PARISH PRESIDENT AND COUNCIL
(225) 686-2266**

PARISH PRESIDENT

Mike Grimmer

GOVERNING BOARD

Randall "Randy" Rushing, District 1

Jimmie McCoy, District 2

Danny Harrell, District 3

Marshall Harris, District 4

Buddy Mincey, District 5

Dewey Harrell, District 6

Stan Cain, District 7

Ronald L. Sharp, District 8

Charles Wagner, District 9

FINANCE DIRECTOR

John Gabel, CPA

COUNCIL CLERK

Mary Kistler

MEETING DATES

2nd and 4th Thursday of Every Month

LIVINGSTON PARISH PRESIDENT AND COUNCIL
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INDEPENDENT AUDITOR'S REPORT

Parish President
Members of the Parish Council
Livingston Parish, Louisiana

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of **Livingston Parish President and Council (primary government)**, as of and for the year ended December 31, 2007, which collectively comprise the primary government as listed in the Table of Contents. These financial statements are the responsibility of the Livingston Parish Council's management. My responsibility is to express an opinion on these primary government financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the provisions of Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and with provisions of Louisiana Revised Statute 24:513 and the provisions of the *Louisiana Governmental Audit Guide*, published jointly by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor. Those standards, OMB Circular A-133, and the Guide require that I 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. I believe that my audit provides a reasonable basis for my opinion.

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 my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the primary government of **Livingston Parish President and Council**, Louisiana, as of December 31, 2007, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

However, because the primary government financial statements, do not include the financial data of component units of Livingston Parish, Louisiana, do not purport to, and do not, present fairly the financial position of Livingston Parish, Louisiana, as of December 31, 2007, and the results of its operations and cash flows of its proprietary funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis and the other required supplementary schedules on Pages 7 through 13 and 61 through 72, respectively, are not a required part of the primary government financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, I did not audit the information and express no opinion it.

My audit was performed 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 on Page 73 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*, and the other supplemental information listed in the Table of Contents are not a required part of the primary government financial statements of the **Livingston Parish President and Council**, Louisiana. Such information has been subjected to the auditing procedures applied in the audit of the primary government financial statements and, in my opinion, is fairly stated, in all material respects, in relation to the primary government financial statements taken as a whole.

In accordance with *Government Auditing Standards*, I have also issued my report dated September 5, 2008, on my consideration of **Livingston Parish President and Council**, internal control over financial reporting and my tests of its compliance with certain laws, regulations, contracts, and grants and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of my audit.

Leroy J. Chutz

Certified Public Accountant, APAC
September 5, 2008

Required Supplemental Information (Part I)
Management's Discussion and Analysis

Livingston Parish Council

Management's Discussion and Analysis As of and for the Year Ended December 31, 2007

Introduction

Livingston Parish Council (the Council) is pleased to present its Annual Financial Report developed in compliance with Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - Management's Discussion and Analysis - For State and Local Governments* (GASB 34), and related standards. The Council was required to implement GASB 34 the fiscal year ending December 31, 2007.

The Council's discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Council's financial activity, (c) identify changes in the Council's financial position, (d) identify any significant variations from the Council's financial plan, and (e) identify individual fund issues or concerns.

Since Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes, and currently known facts, please read it in conjunction with the Council's financial statements on pages 11 through 72 of this report.

Financial Highlights

- At December 31, 2007, the Council's assets exceeded its liabilities by \$234,478,254 net assets). Of this amount, \$17,149,552 (unrestricted net assets) may be used to meet the Council's ongoing obligations to its citizens at the Council's discretion, \$3,466,834 is designated for construction, and \$6,8978,299 (restricted net assets) may be used to meet the Council's ongoing obligations to its citizens with certain restrictions.
- At December 31, 2007, the Council governmental funds reported combined ending fund balances of \$28,107,472. Of this amount, 60%, or \$16,805,602, is available for spending at the Council's discretion (unreserved fund balances), and 28%, or \$7,835,036, is available for spending with restriction (reserved for debt service fund balances) and 12%, or \$3,466,834 is reserved for construction fund balances.

Overview of the Annual Financial Report

The financial statement focus is on both the Council as a whole and on the major individual funds. Both perspectives, government-wide and major funds, allow the user to address relevant questions, broaden a basis for comparison, and enhance the Council's accountability. The statements then proceed to provide an increasingly detailed look at specific financial activities. The MD&A is intended to serve as an introduction to the Council's basic financial statements, which consist of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Council's finances in a manner similar to a private-sector business.

The Statement of Net Assets presents information on the Council's assets and liabilities using the accrual basis of accounting, in a manner similar to the accounting used by private business enterprises. The difference between the assets and liabilities is reported

Livingston Parish Council

Management's Discussion and Analysis

As of and for the Year Ended December 31, 2007

as net assets. Over time, the increases or decreases in net assets and changes in the components of net assets may serve as a useful indicator of whether the financial position of the Council is improving or deteriorating.

The Statement of Activities presents information showing how the Council's net assets changed during the most recent fiscal year, focusing on both the gross and net costs of various activities that are supported by the Council's various revenues. This is intended to summarize and simplify the reader's analysis of the cost and/or subsidy of various governmental services.

In both of the government-wide financial statements, the Council's activities are divided into two types:

- Governmental activities - Most of the Council's basic services are reported here, and are financed primarily through revenues on investments.

Business-type activities – The Council charges a fee to customers to help it cover most of the cost of the services provided. The activities of the Livingston Parish Utility Fund / Springfield Terrace Sewer System is reported in this section.

The government-wide financial statements include only include the Livingston Parish Council (no component units of the Livingston Parish Council are included) and can be found on pages 11 through 72 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Council, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related and legal requirements. The Council uses two categories of funds to account for financial transactions: governmental funds and proprietary funds.. Traditional users of governmental financial statements will find the fund financial statements presentation more familiar.

Governmental funds are used to account for most of the Council's basic services. However, unlike the government-wide financial statements, governmental fund financial statements focus on how money flows into and out of those funds and the balances that are left at year-end that are available for spending. These funds are reported using 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 Council's general government operations and the basic services it provides. Governmental fund information helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the Council's programs. The basic governmental fund financial statements can be found on pages 15 through 72 of this report. Because the focus of governmental funds is narrower than that of the government-wide financial statements, there are differences in the information presented for government funds and for governmental activities in the government-wide financial statements. Review of these differences provides the reader of the financial statements insight on the long-term impact of the Council's more

Livingston Parish Council

Management's Discussion and Analysis

As of and for the Year Ended December 31, 2007

immediate decisions on the current use of financial resources. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Proprietary funds account for sewer utility services provided by the Council to its customers. Proprietary funds statements provide the same type of information as the government-wide financial statements, but the funds presentation provides more detail. The basic proprietary fund financial statements can be found on pages 21 through 23 of this report.

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-side financial statement because the resources of those funds are not available to support the Council's own programs.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 26 through 53 of this report.

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The following table provides a summary of the Council's net assets for the current year. For more detailed information, see the Statement of Net Assets on page 11 of this report.

Livingston Parish Council

Management's Discussion and Analysis As of and for the Year Ended December 31, 2007

December 31, 2007 and 2006

	Governmental Activities		Business-Type Activities		Total	Total
	2007	2006	2007	2006	2007	2006
Assets						
Current & Other Assets	\$ 33,801,966	\$ 76,636,162	\$ 352,569	\$ 522,292	\$ 34,154,535	\$ 77,158,454
Capital Assets	<u>279,922,090</u>	<u>251,315,461</u>	<u>7,888,778</u>	<u>2,232,677</u>	<u>287,810,868</u>	<u>253,548,138</u>
Total Assets	<u>313,724,056</u>	<u>327,951,623</u>	<u>8,241,347</u>	<u>2,754,969</u>	<u>321,965,403</u>	<u>330,706,592</u>
Liabilities						
Current Liabilities	4,867,592	10,379,639	50,448	233,433	4,918,040	10,613,072
Other Liabilities	<u>79,444,639</u>	<u>77,918,928</u>	<u>3,124,470</u>	<u>603,900</u>	<u>82,569,109</u>	<u>78,522,828</u>
Total Liabilities	<u>84,312,231</u>	<u>88,298,567</u>	<u>3,174,918</u>	<u>837,333</u>	<u>87,487,149</u>	<u>89,135,900</u>
Net Assets:						
Invested in Capital Assets						
Net of Related Debt	202,272,090	169,344,921	4,722,479	1,598,977	206,994,569	170,943,898
Designated for Construction	3,466,834	50,294,544	-	-	3,466,834	50,294,544
Restricted	6,897,299	6,570,865	-	-	6,897,299	6,570,865
Unrestricted	<u>16,805,602</u>	<u>13,761,385</u>	<u>343,950</u>	<u>318,659</u>	<u>17,149,552</u>	<u>14,080,044</u>
Total Net Assets	\$ <u>229,441,825</u>	\$ <u>239,971,715</u>	\$ <u>5,066,429</u>	\$ <u>1,917,636</u>	\$ <u>234,508,254</u>	\$ <u>241,889,351</u>

Approximately 88% of the Council's net assets reflect its investment in capital assets (land, buildings, furniture, equipment) net of any outstanding related debt used to acquire those capital assets. These capital assets are used to provide services to citizens and do not represent resources available for future spending.

Approximately 2% of the Council's net assets represent resources that are designated for construction. These assets are reported within the capital outlay governmental fund types.

Approximately 3% of the Council's net assets represent resources that are subject to external restriction on how they may be used. The Council's restricted net assets consist of reserves required for capital projects and debt service.

Approximately 7% of the Council's net assets are unrestricted and may be used to meet the Council's ongoing obligations to its citizens at the Council's discretion.

At the end of the current fiscal year, the Council was able to report positive balances in both categories of net assets, governmental activities and business-type activities.

The Council's activities increased its total net assets by \$9,909,999 during the fiscal year. The increase in its governmental activities is \$7,749,919 and \$2,160,080 from business activities

In order to further understand what makes up the changes in net assets, see the Statement of Activities on page 15 of this report.

The Statement of Net Assets on Page 17 of the report indicates the Livingston Parish Council Revenues, Expenses, and major revenues by program.

Livingston Parish Council

Management's Discussion and Analysis As of and for the Year Ended December 31, 2007

The general fund has the major program revenues and these revenues are locally generated permit and license fees from the sale of building related permits and occupational licenses. These sales accounted for 3.46 million dollars of 3.59 million dollars in program revenues.

General Revenues flow from taxes, intergovernmental revenues, and both interest earnings and royalties. The largest contributor is the 13 million dollars from sales taxes which is about 13 million dollars annually. An additional 4 million dollars is generated from ad-valorem taxes. These two taxes account for 17 million dollars of the 26 million dollars in general revenues.

The next largest contributor for general revenues is the money generated from the Use of Money and Property, in the amount of 5.3 million dollars. Due to the jail construction and road construction bond issues, the parish made one time interest earnings in 2007 from these funds. As these funds were expended in 2007, they will not generate continual interest earnings in 2008. The reoccurring revenues are from the royalties for the parish landfill and the cable vision franchises. The landfill generates about 1.5 million dollars in revenue and the cable franchises about ½ million dollars.

The 3rd largest contributor to general revenues is the intergovernmental revenues of about 2 million dollars. The State of Louisiana contributes most of these revenues in the form of eight hundred and fifty thousand from the parish transportation act, and another one half million from revenue sharing.

Livingston Parish Council expenses are detailed by function on the statement of activities. There are 22.5 million dollars in governmental activities and almost four hundred thousand dollars in business activities from sewer and water services. A third of the expenses are for Public Works. This includes the maintenance of the parish roads, bridges and related drainage. Twenty two percent of the governmental activities is the interest payment on debt. After public works, interest expense is the largest governmental expense, and it will remain so for at least five years. As stated in the notes to the financial statement, the two largest bond issues are paid off in thirteen years. The road and jail debt service issues account for a little more then 80% of the parish debt. The general government function which include the Parish Council Government and the Judicial System and other minor functions are virtually tied with public safety for the third and fourth leading governmental expense. The parish jail is by far the largest component of public safety.

Fund Financial Analysis

As noted earlier, the Council uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the Council's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Council's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the Council's net resources available for spending at the end of the year. The basic governmental fund financial statements can be found on pages 18 through 21 of this report.

Livingston Parish Council

Management's Discussion and Analysis As of and for the Year Ended December 31, 2007

At the end of the current year, the Council's governmental funds reported combined ending fund balances of \$28,107,472, \$7,835,036 of which was reserved for debt service, \$2,466,834 was reserved for construction and \$16,805,602 of which was unreserved and available for spending at the Council's discretion. This represents a decrease of \$42,267,439 from the prior year's ending balances. This decrease is due to the completion of the capital outlay road and jail programs.

Within governmental funds, there are intra fund appropriations called transfers. These amounts are reported on the governmental funds Statement E., Statement of Revenues, Expenditures and Changes in Fund Balance. By their nature, transfers balance among governmental funds and are eliminated on the statement of activities. The largest single use of transfers is from special revenue funds to debt service funds in order to pay the debt service.

In analyzing the fund balances of the individual funds, we found that the Jail Sales tax fund has the most serious problem. This fund accounts for the expenses of the parish prison. Due to high expenses for out of parish prisoners, this fund incurred a fund deficit, and had to borrow \$660,000 from the General Fund, Note 2 D. This problem will continue until the new jail is occupied in December of 2008. We anticipate that in 2009 the jail sales tax fund will begin repaying this debt to the general fund.

In addition, the Criminal Court Fund owes \$82,000 to the General Fund, Note 2 D. This fund functions as an additional appropriation to the district attorney. This problem will not be resolved until the expenses of this fund are handed over to the district attorney or additional funding found.

The combined total of \$742,000 that is due to the general fund adversely affects the general fund. This amount is not readily collectible.

Major Governmental Fund Budgetary Highlights

Livingston Parish Council demonstrated legal compliance by adopting and amending budgets in accordance with provisions of the Local Government Budget Act, with the exception of the road fund and the road capital outlay fund. Due to good weather, we completed this 3 year program in two years, consequently we expended these funds faster than expected, and had variations in the budget as displayed on Schedules 1-8 in the report.

Capital Assets and Debt Administration

Capital Assets

The Council's investment in capital assets for its governmental activities as of December 31, 2007 amounts to \$279,922,110 (net of depreciation) and amounted to 7,888,778 (net of depreciation) for its business-type activities.

The following table provides a summary of the Council's capital assets (net of depreciation) at the end of the current year as compared to the prior year. For more detailed information, see Note to the financial statements on pages 36 and 46 of this report.

Livingston Parish Council

**Management's Discussion and Analysis
As of and for the Year Ended December 31, 2007**

**Capital Assets (Net of Depreciation)
December 31, 2007 and 2006**

	<u>2007</u>	<u>2006</u>
Land	\$ 1,707,085	\$ 1,707,085
Land Component of Infrastructure	171,672,789	164,759,658
Buildings	14,679,546	2,920,506
Improvements/Infrastructure	69,283,654	66,404,735
Machinery & Equipment	2,186,934	1,831,000
Furniture and Fixtures	46,339	50,537
Construction in Progress	25,281,491	13,655,183
Systems	<u>2,953,030</u>	<u>2,219,434</u>
	<u>\$ 287,810,868</u>	<u>\$ 253,548,138</u>

Long-Term Debt

At December 31, 2007, the Council had total debt outstanding of \$81,022,479. Of this total, \$4,011,830, is due within one year and \$76,804,470 is due within greater than one year and \$206,179 is compensated absences payable.

Contacting the Council's Financial Management

This financial report is designed to provide the Council's users with a general overview of the Council's finances and show the Council's accountability for the money it receives. Questions regarding this report or requests for additional information should be addressed to Livingston Parish Council, Finance Department, at 29261 Frost Road, Post Office Box 427, Livingston, Louisiana 70754. The Council's telephone number is (225) 686-2266.

Basic Financial Statements

Government-Wide Financial Statements

The basic financial statements include integrated sets of financial statements as required by the Governmental Accounting Standards Board (GASB). The sets of statements include:

- *Government-wide financial statements*
- *Fund financial statements*
 - *Governmental funds*
 - *Business - Type Activities*

In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

Livingston Parish Council

Statement A

Statement of Net Assets
December 31, 2007

	Primary Government Governmental Activities	Business-Type Activities	Total
Assets			
Current Assets			
Cash & Cash Equivalents	\$ 8,152,925	\$ 350,745	\$ 8,503,670
Louisiana Asset Management Pool	3,298,434	-	3,298,434
Investments, At Fair Value	248,202	-	248,202
Receivables	5,729,109	1,154	5,730,263
Inventory	306,063	-	306,063
Due from Other Governments	18,366	-	18,366
Unamortized Debt Issue Costs	430,372	-	430,372
Other Assets	-	670	670
Total Current Assets	18,183,471	352,569	18,536,040
Restricted Assets			
Cash	1,772,778	-	1,772,778
Louisiana Asset Management Pool	17,899	-	17,899
Investments, At Fair Value	12,703,947	-	12,703,947
Receivables	1,123,871	-	1,123,871
Due From Other Funds	-	-	-
Total Restricted Assets	15,618,495	-	15,618,495
Noncurrent Assets			
Capital Assets, Net	279,922,090	7,888,778	287,810,868
Total Assets	313,724,056	8,241,347	321,965,403
Liabilities			
Current Liabilities			
Accounts Payable	469,589	8,618	478,207
Accrued Expenses Payable	374,056	-	374,056
Deferred Revenue	53,947	-	53,947
Current portion of Long Term Debt	3,970,000	41,830	4,011,830
Total Current Liabilities	4,867,592	50,448	4,918,040
Restricted Liabilities			
Accounts Payable	3,646,951	-	3,646,951
Bond Interest Payable	1,161,929	-	1,161,929
Retainage Payable	719,580	-	719,580
Total Restricted Liabilities	5,528,460	-	5,528,460
Noncurrent Liabilities			
Compensated Absences Payable	206,179	-	206,179
Debt Principal Due After One Year	73,710,000	3,124,470	76,834,470
Total Noncurrent Liabilities	73,916,179	3,124,470	77,040,649
Total Liabilities	84,312,231	3,174,918	87,487,149
Net Assets			
Invested in Capital Assets, Net of Related Debt	202,242,090	4,722,479	206,964,569
Restricted for:			
Construction	3,466,834	-	3,466,834
Debt Service	6,897,299	-	6,897,299
Unrestricted	16,805,602	343,950	17,149,552
Total Net Assets	\$ 229,411,825	\$ 5,066,429	\$ 234,478,254

The accompanying notes are an integral part of this financial statement.

Livingston Parish Council

Statement of Activities
December 31, 2007

Statement B

Primary Governamnt Governmental Activities	Expenses	Program Revenues		Net Revenue (Expense) and Changes in Net Assets		Total
		Charges for Services	Capital Grants and Contributions	Governmental Activities	Business Type Activities	
General Government	\$ (3,663,107)	\$ 3,466,527	-	\$ (196,580)	-	\$ (196,580)
Public Safety	(3,565,513)	75,659	-	(3,489,854)	-	(3,489,854)
Public Works	(5,172,107)	-	-	(5,172,107)	-	(5,172,107)
Health and Welfare	(876,532)	45,730	-	(830,802)	-	(830,802)
Culture and Recreation	(918,855)	-	\$ 250,000	(668,855)	-	(668,855)
Economic Development	(74,454)	-	-	(74,454)	-	(74,454)
Utilities - Water and Sewer	(598,508)	-	-	(598,508)	-	(598,508)
Depreciation Expense	(2,675,057)	-	-	(2,675,057)	-	(2,675,057)
Capital Outlay	-	-	-	-	-	-
Debt Service Interest and Fees	(4,999,331)	-	-	(4,999,331)	-	(4,999,331)
Total Governmental Activities	(22,543,464)	3,587,915	250,000	(18,705,549)	-	(18,705,549)
Business-Type Activities						
Utilities - Water and Sewer	\$ (384,213)	\$ 62,814	\$ 1,880,000	-	\$ 1,558,601	1,572,514
General Revenues						
Taxes				17,242,609	-	17,242,609
Fines and Forfeitures				194,729	-	194,729
Intergovernmental Revenue				2,682,082	589,576	3,271,658
Miscellaneous				969,049	-	969,049
Use of Money and Property				5,366,999	11,903	5,378,902
Total General Revenues				26,455,468	601,479	27,056,947
Change In Net Assets				7,749,919	2,160,080	9,909,999
Net Assets, Beginning of Year				239,651,915	1,917,636	241,569,551
Restatement of Net Assets				(17,990,009)	988,713	(17,001,296)
Net Assets, End of Year				\$ 229,411,825	\$ 5,066,429	\$ 234,478,254

The accompanying notes are an integral part of this financial statement

Basic Financial Statements

Fund Financial Statements

Governmental Fund Financial Statements

- Governmental funds
- Business-Type Activities, Enterprise Fund
- Fiduciary funds

Livingston Parish Council

Balance Sheet
Governmental Funds
December 31, 2007

	General Fund	Health Unit Special Revenue Fund	Jail Sales Tax Special Revenue Fund	Road Sales Tax Special Revenue Fund	Jail Capital Outlay Fund
Assets					
Current Assets					
Cash & Cash Equivalents	\$3,031,932	\$ 214,022	\$ 2,536	\$ 2,467,349	-
Louisiana Asset Management	68,941	2,969,375	-	260,118	-
Investments At Fair Value	248,202	-	-	-	-
Receivables	841,615	1,198,763	450,722	3,181,217	-
Inventory	-	-	-	306,063	-
Due From Other Funds	742,420	-	-	-	-
Due from Other Governments	18,367	-	-	-	-
Total Current Assets	4,951,477	4,382,160	453,258	6,214,747	-
Restricted Assets					
Cash and Cash equivalents	-	-	-	-	-
Lump	-	-	-	-	-
Investments at Fair Value	-	-	-	-	\$ 4,296,392
Receivables	-	-	-	-	14,598
Total Restricted Assets	-	-	-	-	4,310,990
Total Assets	4,951,477	4,382,160	453,258	6,214,747	4,310,990
Liabilities					
Current Liabilities					
Accounts Payable	58,391	67,814	185,207	102,543	-
Accrued Expenses Payable	110,303	17,605	-	205,690	-
Due to Enterprise Funds	-	-	-	-	-
Due to Other Funds	-	-	660,000	-	-
Deferred Revenue	-	-	-	-	-
Total Current Liabilities	168,694	85,419	845,207	308,233	-
Liabilities Payable from Restricted					
Accounts Payable	-	-	-	-	819,994
Retainage Payable	-	-	-	-	377,849
Total Liabilities Payable from Restricted Assets	-	-	-	-	1,197,843
Total Liabilities	168,694	85,419	845,207	308,233	1,197,843
Fund Balance					
Reserved for Construction	-	-	-	-	3,113,147
Reserved for Debt Service	-	-	-	-	-
Unrestricted	4,782,783	4,296,741	(391,949)	5,906,514	-
Total Fund Balance	4,782,783	4,296,741	(391,949)	5,906,514	3,113,147
Total Liabilities and Fund Balance	\$4,951,477	\$ 4,382,160	\$ 453,258	\$ 6,214,747	\$ 4,310,990

The accompanying notes are an integral part of this financial statement.

Statement C

Library Capital Outlay Fund	Road Capital Outlay Fund	Road Debt Services Sinking Fund	Other Non - major Governmental Funds	Funds
-	-	-	\$ 2,437,086	\$ 8,152,925
-	-	-	-	3,298,434
-	-	-	-	248,202
-	-	-	56,791	5,729,108
-	-	-	-	306,063
-	-	-	-	742,420
-	-	-	-	18,367
-	-	-	2,493,877	18,495,519
\$ 896,848	-	-	875,929	1,772,777
17,899	-	-	-	17,899
-	\$ 2,259,920	\$ 2,912,411	3,235,224	12,703,947
-	97,056	-	1,012,217	1,123,871
914,747	2,356,976	2,912,411	5,123,370	15,618,494
914,747	2,356,976	2,912,411	7,617,247	34,114,013
-	-	-	55,539	469,494
-	-	-	40,457	374,055
-	-	-	-	-
-	-	-	82,420	742,420
-	-	-	53,947	53,947
-	-	-	232,363	1,639,916
913,747	1,712,558	-	200,746	3,647,045
-	341,731	-	-	719,580
913,747	2,054,289	-	200,746	4,366,625
913,747	2,054,289	-	433,109	6,006,541
1,000	302,687	-	50,000	3,466,834
-	-	2,912,411	4,922,625	7,835,036
-	-	-	2,211,513	16,805,602
1,000	302,687	2,912,411	7,184,138	28,107,472
\$ 914,747	\$ 2,356,976	\$ 2,912,411	\$ 7,617,247	\$ 34,114,013

The accompanying notes are an integral part of this financial statement.

Livingston Parish Council

Statement D

Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Assets
December 31, 2007

Total Fund Balances, Governmental Funds \$ 28,107,472

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. These assets consist of:

Governmental capital assets, net of depreciation 279,922,090

Unamortized debt issue costs (net) which are reported as current Expenditures in the governmental activities in the period that the debt is issued. 430,371

Some liabilities are not due and payable in the current period and therefore are not reported in the funds. These liabilities consist of:

Compensated absences payable (206,179)

Bonds and notes payable (77,680,000)

Accrued interest payable on bonds (1,161,929)

Net Assets, Governmental Activities \$ 229,411,825

The accompanying notes are an integral part of this financial statement.

Livingston Parish Council

Statement E

Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended December 31, 2007

	General Fund	Health Unit Special Revenue Fund	Jail Sales tax Special Revenue Fund	Road Special Revenue Fund
Revenues				
Taxes	\$ 1,173,573	\$ 1,268,746	\$ 2,552,541	\$ 10,854,348
Licenses and Permits	3,210,919	45,730	-	-
Fines and Forfeitures	70,396	-	-	-
Fees and Commissions	236,101	-	-	951,736
Intergovernmental Revenues	956,377	52,895	-	1,169,405
Miscellaneous	1,850	-	-	-
Use of Money and Property	2,440,102	160,839	658	32,396
Other Financing Sources	152,832	-	-	-
Total Revenues	8,242,150	1,528,210	2,553,199	13,007,885
Expenditures				
Current Expenditures				
General Government	2,241,826	-	-	-
Public Safety	704,975	-	1,946,287	-
Public Works	846	-	-	5,171,259
Health & Welfare	226,306	650,231	-	-
Culture & Recreation	5,108	-	-	-
Economic Development	74,454	-	-	-
Utilities-Sewerage	8,931	-	-	-
Capital Outlay				
Capital Outlay-Gen Govt	46,493	-	-	-
Capital Outlay-Pub Safety	48,931	-	12,490	-
Capital Outlay-Pub Works	218,893	-	-	1,101,270
Capital Outlay-Health &	-	530,175	-	-
Capital Outlay-Culture &	-	-	-	-
Debt Service				
Principal	-	-	-	-
Interest	-	-	-	-
Total Expenditures	3,576,763	1,180,406	1,958,777	6,272,529
Excess Revenues (-Expenditures)	4,665,387	347,804	594,422	6,735,356
Other Financing Sources and Uses				
Enterprise Transfers In/Out	(589,576)	-	-	-
Governmental Transfers In/Out	(3,395,198)	(525,842)	(1,486,296)	(5,044,765)
Total Other Financing Sources and Uses	(3,984,774)	(525,842)	(1,486,296)	(5,044,765)
Excess Revenues and Other Sources (Expenditures and Other Uses)	680,613	(178,038)	(891,874)	1,690,591
Fund Balance, Beginning of Year	4,102,170	4,474,779	499,925	4,215,923
Fund Balance, End of Year	\$ 4,782,783	\$ 4,296,741	\$ (391,949)	\$ 5,906,514

The accompanying notes are an integral part of this financial statement.

Livingston Parish Council

Statement E

Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended December 31, 2007

Jail 2006 Bond Construction Fund	Library Construction Fund	Road 2006 Bond Construction Fund	Road Debt Services Sinking Fund	Other Non - Major Governmental Funds	Total
-	-	-	-	\$ 1,372,104	\$ 17,221,312
-	-	-	-	59,786	3,316,435
-	-	-	-	125,736	196,132
-	-	-	-	92,013	1,279,850
-	\$ 826,290	-	-	464,916	3,469,883
-	250,000	\$ 72	-	15,189	267,107
\$ 590,877	4,890	960,567	67,169	130,378	4,387,876
-	-	-	-	1,956	154,788
590,877	1,081,180	960,639	67,169	2,262,078	30,293,387
-	-	-	-	1,348,348	3,590,174
-	-	-	-	914,252	3,565,514
-	-	-	-	-	5,172,105
-	-	-	-	-	876,537
-	913,746	-	-	-	918,854
-	-	-	-	-	74,454
-	-	-	-	-	8,931
-	-	-	-	4,001	50,494
13,384,484	-	-	-	14,529	13,460,434
-	-	34,207,827	-	-	35,527,990
-	-	-	-	-	530,175
-	954,349	-	-	-	954,349
-	-	-	2,000,000	1,305,000	3,305,000
-	-	-	2,355,821	1,513,932	3,869,753
13,384,484	1,868,095	34,207,827	4,355,821	5,100,062	71,904,764
(12,793,607)	(786,915)	(33,247,188)	(4,288,652)	(2,837,984)	(41,611,377)
-	-	-	-	-	(589,576)
-	-	-	4,779,083	5,673,018	-
-	-	-	4,779,083	5,673,018	(589,576)
(12,793,607)	(786,915)	(33,247,188)	490,431	2,835,034	(42,200,953)
15,906,754	787,915	33,549,875	2,421,980	4,349,104	70,308,425
\$ 3,113,147	\$ 1,000	\$ 302,687	\$ 2,912,411	\$ 7,184,138	\$ 28,107,472

The accompanying notes are an integral part of this financial statement.

Livingston Parish Council
 Reconciliation of the Change In Fund Balances of Governmental Funds
 to the Statement of Activities
 For the Year Ended December 31, 2007

Statement F

Total Net Change In Fund Balances, Governmental Funds \$ (42,200,953)

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

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives as depreciation expense. These differences consist of:

Capital outlay	50,523,442
Depreciation expense	(2,675,057)

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term debt in the statement of net assets.

Principal payments on loans and notes	3,305,000
Amortization of bond issuance costs (net)	32,280

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These differences consist of:

Change in compensated absences payable	(72,864)
Accrued interest expense	(1,161,929)

Change in Net Assets, Governmental Activities \$ 7,749,919

The accompanying notes are an integral part of this financial statement.

Livingston Parish Council

Statement G

Statement of Net Assets
 Business-Type Entities - Enterprise Fund
 For the Year Ended December 31, 2007

Assets	
Current Assets	
Cash & Cash Equivalents	\$ 350,745
Accounts Receivable	<u>1,154</u>
Total Current Assets	351,898
Property, Plant & Equipment	
Land	13,243
Fixed Assets being depreciated	8,297,407
Less: Accumulated Depreciation	<u>(421,872)</u>
Total Property, Plant & Equipment	7,888,778
Other Assets	
Deposits	<u>670</u>
Total Assets	<u>8,241,346</u>
Liabilities	
Accounts Payable	8,618
Bonds and interest payable	<u>3,166,300</u>
Total Liabilities	<u>3,174,918</u>
Net Assets	
Investments in Capital Assets -Net of Related Debt	4,722,479
Unrestricted Net Assets	<u>343,950</u>
Total Net Assets	<u>\$5,066,429</u>

The accompanying notes are an integral part of this financial statement.

Livingston Parish Council

Statement H

Statement of Revenues, Expenses and Changes in Fund Net Assets
 Business Type Entities - Enterprise Fund
 For the Year Ended December 31, 2007

Operating Revenue	
Sewer Fees	
Sales	\$ 62,814
Total Operating Revenue	<u>62,814</u>
Operating Expenses	
Direct Expenses	
Primary (Executive) Salaries Regular	33,578
Emp. Ben FICA or Supplemental Retirement	1,878
Emp. Benefits Retirement Contributions	1,995
Emp. Benefits-Health Insurance	8,288
Employee Benefits Workmen Compensation	422
Utlilities	20,633
Telephone	1,243
Maintenance of Property & Equipment	87,356
Depreciation Infrastructure	102,352
Administrative Fee	325
Technology Fee	4,160
Prof Srvcs Lab Testing	95
Insurance & Surety Bonds	3,228
Office Supplies	4,201
Op Supplies Operating Supplies	277
Shipping and Handling	111
Small Tools & Equip	3,000
Travel Transportation, Mileage	991
Travel Convention, Seminar Reg	417
Interest on Long-Term Debt	<u>16,373</u>
Total Direct Expenses	<u>290,925</u>
Total Operating Expenses	<u>290,925</u>
Net Operating Income (Loss)	<u>(228,111)</u>
Non Operating Revenues & Expenses	
Interest Income	11,902
Federal Grants	1,880,000
Underwriter fee	(93,290)
Transfers from General Fund	<u>589,576</u>
Total Non Operating Revenues & Expenses	<u>2,388,188</u>
Net Income (Loss)	2,160,077
Prior Period Adjustment	988,716
Net Assets at Beginning of Year	<u>1,917,636</u>
Net Assets at End of Year	<u>\$ 5,066,429</u>

The accompanying notes are an integral part of this financial statement.

Livingston Parish Council

Statement I

Statement of Cash Flows
 Business Type Entities - Enterprise Fund
 For the Year Ended December 31, 2007

Cash Flows From Operating Activities	
Received From Customers	\$ 62,814
Payments for Operations	-
Cash provided by Operations	<u>62,814</u>
Cash Flows from Financing Activities	
Transfers from the general fund	589,576
Deposits	-
Bond Issue	<u>2,572,000</u>
Cash provided by Financing Activities	<u>3,161,576</u>
Cash Flows from Capital and Related Financing	
Federal Grants for Construction	1,880,000
Bond Issuance Costs	(93,290)
Acquisition of Sewer System	<u>(4,888,936)</u>
Cash Provided by Capital and Related Financing	<u>(3,102,226)</u>
Cash Flows from Investing Activities	
Interest Income	<u>11,902</u>
Net Increase (Decrease) in Cash	134,066
Cash at Beginning of Year (Contributed)	<u>216,679</u>
Cash at End of Year	\$ <u>350,745</u>
Reconciliation of Net Operating Income (Loss) to Net Cash Provided (Used)	
Operating Income (Loss)	\$ (228,111)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities	
Depreciation Expense	88,439
Change in Due From / To Other Funds	304,943
Change in Accounts Receivable	1,154
Change in Accounts Payable	<u>(103,611)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 62,814</u>

The accompanying notes are an integral part of this financial statement.

Livingston Parish Council
Statement of Net Assets
Fiduciary Fund
For the Year Ended December 31, 2007

Statement J

Assets	
Current Assets	
Cash & Cash Equivalents	
Due from Other Governments	\$ 82,636
Total Current Assets	<u>82,636</u>
Total Assets	<u>82,636</u>
Liabilities	
Current Liabilities	
Due to Other Governments	<u>82,636</u>
Total Current Liabilities	<u>82,636</u>
Total Liabilities	<u>\$ 82,636</u>
Net Assets	
Unrestricted	<u>-</u>
Total Net Assets	<u>-</u>

The accompanying notes are an integral part of this financial statement.

Basic Financial Statements

Notes to the Financial Statements

**LIVINGSTON PARISH, LOUISIANA
PARISH PRESIDENT AND COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007**

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**LIVINGSTON PARISH, LOUISIANA
PARISH COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1.A. INTRODUCTION

The Livingston Parish Council (The Council) is the governing authority for Livingston Parish, Louisiana, and is a political subdivision of the State of Louisiana. The year 1996 was the first year that the Parish Council operated as a President/Council form of government which operates under a home rule charter. Prior to 1996, the Parish operated under the police jury system of government. The Livingston Parish Home Rule Charter operates with elected Parish President who is the chief executive officer of the parish and the head of the executive branch of parish government and an elected nine member council which is the legislative branch of the government. The council enacts ordinances, sets policies, establishes programs in such fields as social welfare, transportation, drainage, industrial inducement and health services.

The area of Livingston Parish is 702 square miles and the President and Council maintains 635 miles of roads. The population of Livingston Parish is 91,814 based on the 2000 census and the President and Council employs approximately 165 persons.

Louisiana Revised Statute 33:1236 gives the President and Council various powers in regulating and directing the affairs of the parish and its inhabitants. The more notable of those are the power to make regulations for its own government; to regulate the construction and maintenance of roads, bridges, and drainage; to regulate the sale of alcoholic beverages; and to provide for the health and welfare of the poor, disadvantaged, and unemployed in the parish. Funding to accomplish these tasks is provided by ad valorem taxes, sales taxes, beer and alcoholic beverage permits, state revenue sharing, and various state and federal grants.

In accomplishing its objectives, the President and Council also has the authority to create special districts (component units) within the parish. The districts perform specialized functions, such as fire protection, library facilities, and health care facilities.

The President and Council complies with generally accepted accounting principles (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Standards Board (APB) opinions issued on or before November 30, 1989, have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. For enterprise funds, GASB Statement Nos. 20 and 34 provide the President and Council the option of electing to apply FASB pronouncements issued after November 30, 1989. The President and Council have elected not to apply those pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this Note.

In June, 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*. Certain of the significant changes in the Statement include the following:

- Beginning with the year 2003, the financial statements include:
- A Management Discussion and Analysis (MD&A) section providing an analysis of the President and Council's overall financial position and results of operations
- Financial statements prepared using full accrual accounting for all of the President's and

**LIVINGSTON PARISH, LOUISIANA
PARISH COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007**

Council's activities, including infrastructure (roads, bridges, etc.).

- A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements (including notes to financial statements). The President and Council has elected to implement the general provisions of Statements No. 33 and 34 and Interpretation No. 6 in the current year and plan to retroactively report infrastructure (assets acquired prior to January 1, 2002) in the fiscal year ending December 31, 2007.

1.B. FINANCIAL REPORTING ENTITY

As the governing authority of Livingston Parish, for reporting purposes, the Livingston Parish Council is the financial reporting entity for Livingston Parish. The financial reporting entity consists of [a] the primary government (President and Council), [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.

GASB Statement No. 14 established criteria for determining the governmental reporting entity and component units should be included within the reporting entity. For financial reporting purposes, in conformance with GASB Statement No. 14, the Livingston Parish Council includes all funds, accounts groups, et cetera, that are within the oversight responsibility of the Livingston Parish Council.

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 President and Council 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 President and Council.
2. Organizations for which the President and Council does not appoint a voting majority but are fiscally dependent on the President and Council.
3. Organizations for which the reporting entity financial statements should be misleading if data of the organization is not included because of the nature or significance of the relationship.

Based on the previous criteria, the President and Council have determined that the following component units are part of the reporting entity:

**LIVINGSTON PARISH, LOUISIANA
PARISH COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007**

COMPONENT UNIT	FISCAL YEAR END	CRITERIA USED
Fire Protection Districts:		
No. 1	31-Dec	1 and 3
No. 2	30-Jun	1 and 3
No. 4	31-Dec	1 and 3
No. 5	31-Dec	1 and 3
No. 6	30-Jun	1 and 3
No. 7	31-Dec	1 and 3
No. 8	30-Jun	1 and 3
No. 9	30-Jun	1 and 3
No. 10	31-Dec	1 and 3
No. 11	30-Jun	1 and 3
No. 12	30-Jun	1 and 3
Recreation Districts:		
No. 2	31-Dec	1 and 3
No. 3	31-Dec	1 and 3
No. 4	31-Dec	1 and 3
No. 5	31-Dec	1 and 3
No. 6	31-Dec	1 and 3
No. 7	31-Dec	1 and 3
No. 8	31-Dec	1 and 3
No. 9	31-Dec	1 and 3
Livingston Parish Gas Utility District	30-Nov	1 and 3
Sewerage Districts:		
No. 1	31-Dec	1 and 3
No. 2	31-Dec	1 and 3
No. 4	31-Dec	1 and 3
Ward 2 Waterworks District	31-Dec	1 and 3
Ward 6 Waterworks District	31-Dec	1 and 3
Gravity Drainage District No. 1	31-Dec	1 and 3
Gravity Drainage District No. 2	31-Dec	1 and 3

**LIVINGSTON PARISH, LOUISIANA
PARISH COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007**

Gravity Drainage District No. 5	31-Dec	1 and 3
Communications District	31-Dec	1 and 3
Livingston Parish Library Commission	31-Dec	1 and 3
Carter Plantation Community Development District	31-Dec	1 and 3

The Parish Council has chosen to issue financial statements of the primary government (Parish Council) only; therefore, all funds, account groups, and organizations for which the Parish Council maintains the accounting records are included.

GASB Statement 14 provides for the issuance of primary government financial statements that are separate from those of the reporting entity. However, the primary government's (Parish Council) 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 (Parish Council).

It was determined that the following governmental entities are not component units of the Livingston Parish Council reporting entity because they have separately elected governing bodies, are legally separate, and are fiscally independent of the Livingston Parish Council.

Livingston Parish Sheriff
Livingston Parish Clerk of Court
Livingston Parish Tax Assessor
Livingston Parish School Board
District Attorney of the Twenty First Judicial District
Various municipalities in Livingston Parish

1.C. BASIS OF PRESENTATION

The Parish Council's basic financial statements include both government-wide (reporting the Parish Council as a whole) and fund financial statements (reporting the Parish Council's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type.

Government-wide Financial Statements

The Statement of Net Assets and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

**LIVINGSTON PARISH, LOUISIANA
PARISH COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007**

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the Parish Council or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The funds of the financial reporting entity are described below:

Governmental Funds

General Fund – The General Fund is the primary operating fund of the Parish Council and always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for certain purposes.

Debt Service Fund — The Debt Service Fund accounts for the accumulation of financial resources for payment of interest and principal on the general long-term debt of the Parish Council other than debt service payments made by enterprise funds. Ad valorem and sales and use taxes are used for the payment of principal and interest on the Parish Council's judgment.

Capital Projects Fund -- The Capital Projects Fund is used to account for resources restricted for the acquisition or construction of specific capital projects or items. The reporting entity includes only one Capital Project Fund and it is used to account for the acquisition of capital assets with transfers made from the General Fund.

Proprietary Funds

Enterprise Funds – The Livingston Parish Utility fund accounts for the activities of the parish wide sewer system. The purpose of this fund is to account for exchange transactions in which each party to the transactions give up essentially equal values. Non operating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

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Fiduciary Funds (Not included in government-wide statements)

Agency Funds -- Agency funds account for assets held by the Parish Council on behalf of others as their agent. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement or results of operation. The agency funds are as follows:

Sales Tax District Six - This fund accounts for the collection and distribution of a one-half percent sales and use tax levied by Sales Tax District Number Six for Gravity Drainage District Number Two.

Major and Nonmajor Funds

The funds are further classified as major or nonmajor as follows:

Major Funds

General Fund (see above for description)

Special Revenue Funds

Health Unit Fund -- The Health Unit Fund accounts for state and parish health programs. The major means of financing are provided by ad -valorem taxes, state revenue sharing, and permits.

Jail Sales Tax -- The Jail Sales Tax fund accounts for the maintenance and operation of the jail, debt service jail construction financing, and it is funded through sales taxes.

Road Fund - The Road Fund accounts for maintenance of parish wide roads and streets. Major means of financing is provided by the State of Louisiana Parish Transportation Fund, Sales Tax, ad-valorem taxes, and state revenue sharing.

Debt Service Funds

Road Sinking Fund - This fund accounts for the Bond Proceeds, transfer thereof to the Road Construction Fund, bond issue costs, and debt service for the Road Bonds

Capital Projects Funds

Road 2006 Jail Construction Fund - This Fund is used to account for the proceeds of a 2006 bond sales tax dedicated to constructing a new jail.

Road 2006 Bond Construction Fund - This Fund is used to account for the proceeds of a 2006 bond sales tax dedicated to overlaying parish roads and streets.

Library Construction Fund - The Library Construction Fund is used to account for the construction activities of the Library which was financed through the issuance of bonds in 2004.

Enterprise Fund

Livingston Parish Utility Fund accounts for the revenues and expenses of the utility operations of the parish, including sewer and water. We changed to an enterprise fund type to better measure

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the results of operations. On January 17, 2008 the Livingston Parish Council created the Livingston Parish Utilities Department by Ordinance 07-84 to include all parts of the parish except for corporate limits of municipalities, Ward Two Water District, Sewer Districts No. 1 and 2, and Gas District No. 1. At the same time, the Parish dissolved Sewer Districts 3, 4, 5, 7, and 8.

Nonmajor Funds

Special Revenue Funds

Criminal Court Fund - The Criminal Court Fund was created by Section 571.11 of Title 15 of the Louisiana Revised Statutes of 1950, which provides that fines and forfeitures imposed by district courts and district attorney conviction fees in criminal cases be transferred to the parish treasurer and deposited in a special Criminal Court Fund to be used for the expenses of the criminal court of the parish. Expenditures are made from the fund on motion of the district attorney and approval of the district judge. The statute also requires that one-half of the balance remaining on the fund at December 31 each year be transferred to the General Fund.

Bingo Fund - The Bingo Fund is used to account for the proceeds of collections from bingo operators within the Parish of Livingston, and to account for the expenditure of those funds.

Criminal Court Witness Fund - The Criminal Court Witness Fund accounts for the court cost and bond forfeiture revenues, and witness fees and related expenditures. As required by Louisiana Revised Statutes 15, Section 255, the fund balance remaining at December 31, each year which is in excess of the total amount paid from the fund as witness fees for off-duty officers in that year is transferred to the Criminal Court Fund.

Hazard Mitigation Grant Fund - The Hazard Mitigation Grant Fund is funded by federal grants to be expended for the acquisition or elevation of repetitively flooded structures located in the parish.

Jury Fund - The Jury Fund is used to account for the payment of jury fees. The Jury Fund replaces the Criminal Court Fund.

Debt Service Funds

Health Unit Sinking Fund - The Health Unit Sinking Fund is used to account for the accumulation of funds to pay the maturing principal and interest.

Health Unit Sub Fund - The Health Unit Sub Fund is used to hold the required reserve of \$2,000,000 as required by Section 1 of the Cooperative Endeavor Agreement.

Jail Sinking Fund - This fund accounts for the Bond Proceeds, transfer thereof to the Jail Construction Fund, bond issue costs, and debt service for the Jail Bonds

Library Sinking Fund - The Library Sinking Fund is used to account for the collection of the ad-valorem tax levied for construction of the new library.

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Capital Projects Funds

Library Construction Fund - The Library Construction Fund is used to account for the proceeds of bonds issued for the cost of construction of Library infrastructure.

Other Capital Outlay Fund - The other capital outlay fund was created to account for small capital outlay projects like the animal control center which is funded through interfund transfers, donations, and state grants.

1.D. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide Statement of Assets and the Statement of Activities, both governmental and business-like activities are presented using the economic resources measurement focus as defined in Item (b) below.

In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus is used as appropriate:

- a. All governmental funds utilize a “current financial resources” measurement focus. Only current assets and liabilities are generally included on their balance sheets. Their operating statements present sources and used of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The proprietary fund utilizes an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net assets.
- c. Agency funds are not involved in the measurement of results of operations; therefore, measurement focus is not applicable to them.

Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied. Basis of Accounting is either “accrual” or “modified accrual” depending upon the type of financial statement or funds.

In the government-wide Statement of Net Assets and Statement of Activities, both governmental and business-like activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

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In the fund financial statements, governmental funds and agency funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when "measurable and available." Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after year end. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due.

All proprietary funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

1.E. ASSETS, LIABILITIES, AND EQUITY

Cash and Investments

For the purpose of the Statements of Net Assets, "cash, including time deposits" includes all demand deposits and pooled cash accounts of the Parish Council.

Investments are carried at fair value based on quoted market price. Additional cash and investment disclosures are presented in Note 3.A.

Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and service type transactions are classified as "due to and from other others". Short-term interfund loans are reported as "interfund receivables and payables." Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Assets. See Note 3.G. for details of interfund transactions, including receivables and payables at year-end. Because the parish went to consolidated cash accounts and eliminated numerous checking accounts, the interfund due to and due from decreased greatly in 2007.

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivable balances for the governmental activities include sales and use taxes, franchise taxes, grants, fines, and reimbursements. Business-type activities report utilities and interest earnings as major receivables.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as sales tax, franchise tax, and grants and other similar intergovernmental revenues since they are usually both measurable and available. Interest and investment earnings are recorded when earned only if paid within 60 days since they would be considered both measurable and available. Proprietary fund material receivables consist of all revenues earned at year-end and not yet received. Utility accounts receivable and interest earnings compose the majority of proprietary fund receivables. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable.

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Inventories

Inventories for supplies of the road fund are valued at cost using the first in first out method. Costs of materials are recorded as expenditures in the Road Equipment and Maintenance Fund when consumed rather than when purchased. Other funds supplies on hand at year end are not significant and are recorded as expenditures/expenses when purchased.

Restricted Assets

Restricted assets include cash and investments of the proprietary fund that are legally restricted as to their use. The primary restricted assets are related to bond accounts and utility meter deposits. It is the policy of the Livingston Parish Council to expend the restricted assets first when both unrestricted and restricted assets are available.

Fixed Assets

The accounting treatment over property, plant, and equipment (fixed assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Government-wide Statements

In the government-wide financial statements, fixed assets are accounted for as capital assets. All fixed assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated fixed assets which are recorded at their estimated fair value at the date of donation.

Prior to January 1, 2002, governmental funds' infrastructure assets were not capitalized.

Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

<u>ASSET TYPE</u>	<u>YEARS</u>
Buildings	5 - 50
Improvements other than buildings	20 - 50
Machinery and equipment	3 - 10
Computer equipment	5
Vehicles	6
Infrastructure	20 - 40

The Parish of Livingston is a Phase Two government for purposes of implementing GASB Statement 34. As such, the Parish has elected to delay retroactive reporting of infrastructure (major general infrastructure) acquired or constructed since January 1, 1980. Instead, the Parish has instituted prospective reporting of infrastructure beginning in January 1, 2002. Infrastructure consists mainly of roads, highways, bridges, water or sewer systems, and drainage systems.

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Fund Financial Statements

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

Amortization of Bond Issuance Costs

The bond issuance costs are amortized on a straight-line basis for a period conforming to the term of the bonds issued.

Long-Term Obligations

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term debt consists primarily of bonds payable and accrued compensated absences.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for proprietary fund is the same in the fund statements as it is in the government-wide statements.

Compensated Absences

The Parish Council's policies regarding vacation time permit employees to accumulate earned but unused vacation leave. The liability for these compensated absences is recorded as long-term debt in the government-wide statements. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources, while the proprietary funds report the liability as it is incurred.

Equity Classifications

Government-wide Statements

Equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowing that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

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- c. Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

Fund Statements

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated. Proprietary fund equity is classified the same as in the government-wide statements. See Note 3.G. for additional disclosures.

1.F. REVENUES, EXPENDITURES, AND EXPENSES

Program Revenues and Allocations

Program revenues are displayed on Statement B, Statement of Activities. The general fund has the major program revenues and these revenues are locally generated permit and license fees from the sale of building related permits and occupational licenses. These sales accounted for 3.46 million dollars of 3.59 million dollars in program revenues.

General Revenues flow from taxes, intergovernmental revenues, and both interest earnings and royalties. The largest contributor is the 13 million dollars from sales taxes which is about 13 million dollars annually. An additional 4 million dollars is generated from ad-valorem taxes. These two taxes account for 17 million dollars of the 26 million dollars in general revenues.

The next largest contributor for general revenues is the money generated from the Use of Money and Property, in the amount of 5.3 million dollars. Due to the jail construction and road construction bond issues, the parish made one time interest earnings in 2007 from these funds. As these funds were expended in 2007, they will not generate continual interest earnings in 2008. The reoccurring revenues are from the royalties for the parish landfill and the cable vision franchises. The landfill generates about 1.5 million dollars in revenue and the cable franchises about ½ million dollars.

The 3rd largest contributor to general revenues is the intergovernmental revenues of about 2 million dollars. The State of Louisiana contributes most of these revenues in the form of eight hundred and fifty thousand from the parish transportation act, and another one half million from revenue sharing.

The Livingston Parish Council does not allocate indirect expenses to the functions in the statement of activities.

Property Tax

All taxable property located within the State of Louisiana is subject by law to taxation on the basis of its assessed valuation. The assessed value is determined by the Parish Assessor, except for public utility property which is assessed by the Louisiana Tax Commission.

The 1974 Louisiana Constitution provided that, beginning in 1978, all land and residential property were to be assessed at 10% of fair market value; agricultural, horticultural, marsh lands, timber lands and certain historic buildings are to be assessed at 10% of "use" value; and all other property is to be assessed at 15% of fair market value. Fair market values are determined by the elected assessor of the parish and are subject to review and final certification by the Louisiana Tax Commission. The Assessor is required to reappraise all property every four years.

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The Sheriff of Livingston Parish, as provided by State Law, is the official tax collector of general property taxes levied by the Parish Council. By agreement, the Sheriff receives a commission. All taxes are due by December 31st, of the year and are delinquent on January 1 of the next year, which is also the lien date.

State law requires the Sheriff to collect property taxes in the calendar year in which the assessment is made. If the taxes are not paid by the due date of December 31st, the taxes bear interest at 1.25% per month until the taxes are paid. After notice is given to the delinquent taxpayers, the Sheriff is required by the Constitution of the State of Louisiana to sell the least quantity of property necessary to settle the taxes and interest owed.

Property taxes are recognized as revenue in the year for which they are levied and become due. The majority of the year's taxes are collected from November to February by the Sheriff. Any amounts not collected at December 31st are shown as accounts receivable. All taxes are considered fully collectible; therefore, no allowance for uncollectible taxes is provided.

Ad valorem taxes as presented in these financial statements are as follows:

Fund	Expiration Date	Mills	Property Assessed Valuations	Taxes Assessed For	
				General Purpose	Special Purposes
General Fund -					
Parish Tax	Statutory	2.58	\$ 188,040,330	\$ 381,810	-
Within Municipalities	Statutory	1.29	84,025,770	94,692	-
Special Revenue -					
Health Unit Maintenance Fund	2014	5.00	272,066,100	-	\$ 1,106,96
Road Equipment and Maintenance Fund	2012	5.00	272,262,100	-	1,106,967
Debt Service -					
Library Sinking Fund	2023	5.00	\$ 272,262,100,	-	1,106,967
				<u>\$ 476,502</u>	<u>\$ 3,320,90</u>

Sales and Use Tax

Livingston has a one percent sales and use tax approved by the voters on January 19, 2002. The tax, after all necessary costs for collection and administration, is to be used for the following purposes in the percentages assigned:

- On January 21, 1996, the voters of Livingston Parish approved a parish wide fifteen year, 1% Sales and Use Tax dedicated for constructing, acquire, extend, expand, improve, maintain, and operate roads, bridges, and related road drainage throughout the parish, and acquire equipment related thereto, and (ii) construct, acquire, extend, expand, improve operated maintain, equip and furnish jail facilities of the parish. The tax is split, 75% to roads, and 25% to the jail. The Council has set up the Road Tax Fund to account for the sales tax and advalorem taxes collections dedicated to the maintaining and improving parish wide roads and streets and the related drainage improvements associated therewith. The Jail Sales tax fund is set up to account for the sales tax collections and expenditures related to the jail.

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Proprietary Funds - Operating and Non Operating Revenues

Sales are the only operating revenues in the proprietary funds. All other revenues are non- operating. These include transfers from the general fund, interest earnings, federal grants, etc.

Expenditures/Expenses

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities.

In the fund financial statements, expenditures are classified as follows:

Governmental Funds – By Character:	Current (further classified by function)
	Debt Service
	Capital Outlay

In the fund financial statements, governmental funds report expenditures of financial resources.

Interfund Transfers

Permanent reallocations of resources between funds of the reporting entity are classified as interfund transfers. For the purposes of the Statement of Activities, all interfund transfers between individual governmental funds have been eliminated.

1.G. Budgets and Notes

The report supplemental schedules 1 – 8 disclose the budget comparisons for the major funds.

The General Fund, Schedule 1, had an immaterial excess of expenditures over budget. This was due to increases in mandated costs. There was a DOTD transportation grant for the Watson Sidewalk Project that was included in the general fund. These funds were included by language in the budget act, but not by dollar. We could not tell when these funds would become available, so we wrote the budget ordinance to appropriate grant funds when they are received.

The Jail Sales Tax fund has an excess of expenditures over budget due to mandated costs for prisoner expenses. The out of parish prisoners' expenses rose dramatically in the last six months of the year and were not foreseeable.

The Road Tax Fund has an excess of expenditures over budget because we erred in amending the original budget, capital outlay, equipment. Had we left that part of the budget alone, we would not have over expended it. We guessed wrong on when the equipment when come in.

Due to good weather conditions, the road capital outlay fund was substantially expended in 2007. Capital outlay budgets are inception to date budgets, but are reported as annual budgets. The fund balances in these funds indicate that the projects are adequately funded.

The Library Construction Fund completed the construction project and the excess was due back to the Livingston Parish Library. This amount due back to the library was not budgeted and is the reason that the expenditures exceeded the budget.

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NOTE 2. – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

By its nature as a local government unit, the Parish Council are subject to various federal, state, and local laws and contractual regulations. An analysis of the Parish Council's compliance with significant laws and regulations and demonstration of its stewardship over Parish Council resources follows.

2.A. FUND ACCOUNTING REQUIREMENTS

The Parish Council complies with all state and local laws and regulations requiring the use of separate funds. The legally required funds used by the Parish Council include the following:

Fund	Required By
Health Unit Maintenance Fund	Local Ordinance
Road Equipment and Maintenance fund	Local Ordinance
Criminal Court	State Law
Bingo Fund	Local Ordinance
Criminal Court Witness Fund	Joint Venture Agreement
Hazard Mitigation Fund	Grant Agreement
Road Fund	Local Ordinance
Library Construction	Bond Indenture

2.B. DEPOSITS AND INVESTMENTS LAWS AND REGULATIONS

Under state law, the Parish Council may invest in United States bonds, treasury notes and bills, or certificates or time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. In addition, local governments in Louisiana are authorized to invest in the Louisiana Asset Management Pool Inc. (LAMP), a non-profit corporation formed by an initiative of the State Treasurer and organized under the laws of the State of Louisiana, which operates a local government investment pool. As reflected in Note 3.A., all deposits were fully insured or collateralized.

2.C. REVENUE RESTRICTIONS

The Parish Council has various restrictions placed over certain revenue sources from state or local requirements. The primary restricted revenue sources include:

<u>Revenue Source</u>	<u>Legal Restrictions on Use</u>
Sales Tax	Road Construction and maintenance and debt service.
Sales Tax	Jail Construction and Maintenance and debt service
Grants	Grant Program Expenditures
Ad-valorem taxes	Library Debt Service

For the year ended December 31, 2007, the Parish Council complied, in all material respects, with these revenue restrictions.

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2.D. DEBT RESTRICTIONS AND COVENANTS

General Obligation Debt

Louisiana Revised Statute 39:562, of the Louisiana Constitution, limits the amount of outstanding general obligation bonded debt of the any subdivision for any one of the purposes authorized to 10 percent of the assessed valuation of the taxable property of such subdivision, including both (1) homestead exempt property, which shall be included on the assessment roll for the purposes of calculating debt limitation and (2) nonexempt property, as ascertained by the last assessment for parish, municipal, or local purposes prior to delivery of the bonds representing such indebtedness, regardless of the date of the election at which said bonds were approved. For the year ended December 31, 2007, the Parish's general obligation debt did not exceed such limitation.

Other Long-Term Debt

Except as noted in the following paragraph, as required by the Louisiana Constitution, the Parish Council may not incur any indebtedness that would require payment from resources beyond the current fiscal year revenue without first obtaining voter or state bond commission approval. For the year ended December 31, 2007, the Parish Council incurred no such indebtedness.

Bonds Payable

The various bond indentures relating to the bond issues contain some restrictions or covenants that are financially related. These include covenants such as debt service coverage requirements and required reserve account balances. For the year ended December 31, 2007, requirements of the various bond indentures have been complied with.

2.E. FUND EQUITY RESTRICTIONS

Deficit Prohibition

At 12/31/2007, Jail Sales tax had a negative fund balance. This negative balance will exist in 2008 and begin reducing in 2009. The new jail will not open until late third quarter of 2008, at which time the sheriff will bring the out of parish prisoners home. Since we now pay over a hundred thousand dollars a month to house prisoners out of parish, this savings will reduce the deficit to zero.

At 12/31/2007, the Criminal Court Fund had a negative fund balance. This negative balance will exist until a new funding source is found.

NOTE 3. – DETAILED NOTES ON TRANSACTION CLASSES/ACCOUNTS

The following notes present detailed information to support the amounts reported in the basic financial statements for its various assets, liabilities, equity, revenues, and expenditures/expenses.

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3.A. CASH AND INVESTMENTS

At December 31, 2007, the Council had cash and cash equivalents (book balances) as follows:

		December 31, 2007
Demand Deposits (Governmental)	\$	<u>9,925,703</u>
Cash per Statement of Net Assets		<u>9,925,703</u>
Demand Deposits (Agency)		<u>0</u>
Cash per Statement of Net Assets		<u>0</u>
Governmental Activities		9,925,703
Enterprise Fund		<u>350,745</u>
Cash Per Balance Sheet	\$	<u>10,276,448</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 of 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. Deposits (bank balances) secured at December 31, 2007, are as follows:

Category 1 – Insured by FDIC or collateralized with securities held by the Board or by its agent in its name

Category 2 – Uninsured but collateralized with securities held by the pledging financial institution’s trust department or agent in the Board’s name

Category 3 – Uninsured and uncollateralized; or collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the Council’s name; or collateralized with no written or approved collateral agreement.

Type of Deposits	Total Bank Balance	Custody Credit Risk Category			Not Required To Be Collateralized	Total Book Value
		1	2	3		
Cash and cash Equivalents	\$ 10,604,208	\$10,684,208			\$ 91,242	\$10,262,471
LAMP	3,136,282	0	-		3,136,282	3,136,282
Investments at fair value	13,019,684	0	-		13,019,684	12,952,149
Total Deposits	\$ 26,840,174	\$ 10,684,208	-		\$ 16,155,956	\$26,350,902

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	<u>Cash</u>	<u>Total</u>
Deposits in Bank Accounts Per Net Asset	10,276,448	10,276,448
Bank Balances of Deposits Exposed to Custodial Credit Risk		
a. Uninsured and uncollateralized	-	-
b. Uninsured and collateralized with securities held by the pledging institute	-	-
c. Uninsured and collateralized with securities held by the pledging institutions' trust department or agent but not in the entity's name	0	0
Total Bank Balances - All Deposits	<u>\$10,276,448</u>	<u>\$10,276,448</u>

At December 31, 2007, the Parish Council has cash and cash equivalents, Investments, LAMP deposits and Certificates of Deposits totaling \$26,544,930.

These deposits are stated at cost, which approximates market. Under state law, these deposits 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 Livingston Parish Council by the Federal Reserve Bank of Boston, a holding or custodial bank that is mutually acceptable to both parties.

The pledged securities are considered collateralized (Category 1) under the provisions of GASB Statement No. 3. Also, 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 Parish Council that the fiscal agent has failed to pay deposited funds upon demand.

In addition to the demand and time deposits, the Parish Council has \$ 3,316,333 invested in the Louisiana Asset Management Pool Inc. (LAMP), a local government investment pool (see Summary of Significant Accounting Policies). In accordance with GASB Codification Section 150.165, the investment in LAMP at December 31, 2007, is not categorized in the three risk categories provided by GASB Codification Section 150.164 because the investment is in the pool of funds and therefore not evidenced by securities that exist in physical or book entry form. LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana, which was formed by an initiative of the State Treasurer, representatives from various organizations of local government, the Government Finance Officers Association of Louisiana, and the Society of Louisiana CPA's. Only local governments having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high-quality investments. The LAMP portfolio includes securities and other obligations in which local governments in Louisiana are authorized to invest. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U.S. Treasury, the U.S. government or one of its agencies, enterprises, or instrumentalities; as well as repurchase agreements collateralized by those securities, and some commercial paper. The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with

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a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances.

Restricted Cash

Cash within the following funds are restricted according to bond covenants:

Health Unit Sinking Fund	\$ 3,500
Library Capital Outlay	896,848
Library Sinking Fund	<u>872,429</u>
Total	\$1,772,777

Investments at fair value:

At December 31, 2007, the Parish Council had investments at fair value of \$2,259,920.34 in a guaranteed investment contract (GIC) Citibank Trust from the proceeds of the 2007 bond issues for construction. These investments are not collateralized but are considered protected by other controls that monitor the financial stability of these two Trust companies. La. State Law specifically exempts GIC's from collateral requirements. The GIC expires in April of 2008, which was the original estimated completion date of the construction projects.

The general fund has one bond with fair market value of \$248,202. This is a Federal mortgage backed bond with a maturity greater than one year. This bond is free from default risk as it is backed by the full faith of the Federal government. The only risk inherent to this bond's is interest rate risk. This bond was sold at a profit in February of 2008.

The Jail Capital outlay had investments totaling \$4,296,392. The Jail Capital Outlay GIC matured in December 2007, and the proceeds were invested by the Bank of New York within its trust department.

At December 31, 2007, four debt service funds had investments totaling 6,147,636 with the bond paying agent for the purpose of liquidating bonded indebtedness and interest. These assets are restricted in accords with the bond covenant.

**LIVINGSTON PARISH, LOUISIANA
PARISH COUNCIL
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DECEMBER 31, 2007**

3.B. RECEIVABLE AND DUE FROM/TO OTHER GOVERNMENTAL UNITS

Amvets Post 68 Bingo	\$ 863
BP America	768
Charter Communications	41,523
D.S. Stingers Bingo	327
Denbury	320
Department of Motor Vehicles	1,142
Eatel	1,755
Internal Revenue Service	7,038
District Attorney	37,814
Livingston Parish School Board	2,384,505
Livngston Parish Sheriff	2,998,741
Musicians Inc. Bingo	1,209
Quad Area	5,424
Skyline Foundation Bingo	2,407
State of Louisiana	32,083
State of Louisiana	82,506
TMR Exploration	276
Tucker Gregoire Bingo	1,065
Waste Management	<u>129,343</u>
Total	<u>\$ 5,729,109</u>

Restricted Receivables

Restricted receivables	
Road Bond Capital Outlay interest	\$97,056
Jail Bond Capital Outlay interest	14,598
Library Sinking Fund Advalorem Taxes	<u>1,012,213</u>
	<u>\$1,123,871</u>

**LIVINGSTON PARISH, LOUISIANA
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3.C. PAYABLES

		<u>December 31, 2007</u>
Accounts Payable		
Governmental Funds		
Trade	\$	359,069
Ad-Valorem Tax		110,424
Total Current Payables (Statement C)		<u>469,493</u>
Liabilities Payables from Restricted Assets		
Due to Sheriff for Library Ad-Valorem Tax		200,747
Construction Payables		2,532,552
Livingston Parish Library		913,747
Retainage Payable		719,580
Total Liabilities Payable From Restricted Assets (Statement C)		<u>4,366,626</u>
Accrued Expenses Payable		
Payroll and Related		374,056
Total Accrued Expenses (Statement A)	\$	<u>374,056</u>

3.D. DUE TO/FROM OTHER FUNDS

As at December 31, 2007, the amounts due to/from other funds is as follows:

Assets		
Due From Other Governmental Funds		
<u>Receivable Fund</u>	<u>Payable Fund</u>	Amount
General Fund	Criminal Court	\$ 82,420
	Jail Sales Tax	660,000
Total		<u>\$ 742,240</u>

LIVINGSTON PARISH, LOUISIANA
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NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007

3 E. CAPITAL ASSETS AND INFRASTRUCTURE

Capital asset activity for the year ended December 31, 2007, was as follows:

	<u>12/31/2006</u>	<u>Total Additions</u>	<u>Deletions</u>	<u>12/31/2007</u>
Governmental Activities				
Non-depreciable assets				
Land	1,693,842	-	-	1,693,842
CIP	13,655,183	18,667,310	11,963,507	20,358,986
Land component of Infrastructure	<u>164,759,658</u>	6,913,131	-	171,672,789
Total non-depreciable assets	<u>180,108,683</u>	<u>25,580,441</u>	<u>11,963,507</u>	<u>193,725,617</u>
Depreciable assets				
Buildings	7,670,608	11,977,717	-	19,648,325
Machinery and equipment	3,876,702	834,125	207,928	4,502,899
Infrastructure	69,638,260	4,740,344	-	74,378,604
Furniture and fixtures	<u>50,350</u>	-	-	<u>50,350</u>
Total depreciable assets	<u>81,235,920</u>	<u>17,552,186</u>	<u>207,928</u>	<u>98,580,178</u>
Accumulated depreciation				
Buildings	(4,750,102)	(218,677)	-	(4,968,779)
Equipment	(2,045,702)	(478,191)	207,928	(2,315,965)
Infrastructure	(3,233,525)	(1,861,425)	-	(5,094,950)
Furniture and fixtures	187	(4,198)	-	(4,011)
Total accumulated depreciation	<u>(10,029,142)</u>	<u>(2,562,491)</u>	<u>207,928</u>	<u>(12,383,705)</u>
Governmental activities capital assets (NET)	<u>251,315,461</u>	<u>40,570,136</u>	<u>12,379,363</u>	<u>279,922,090</u>
Business-Type-Activities				
Non-depreciable assets				
Construction in progress		4,922,505		4,922,505
Land	<u>13,243</u>	-	-	<u>13,243</u>
Total non-depreciable assets	<u>13,243</u>	<u>4,922,505</u>	<u>-</u>	<u>4,935,748</u>
Depreciable assets				
System	<u>2,531,996</u>	<u>842,906</u>	-	<u>3,374,902</u>
Total depreciable assets	<u>2,531,996</u>	<u>842,906</u>	<u>-</u>	<u>3,374,902</u>
Accumulated depreciation	(312,562)	(109,310)	-	(421,872)
Total accumulated depreciation	<u>(312,562)</u>	<u>(109,310)</u>	<u>-</u>	<u>(421,872)</u>
Business-type assets (NET)	<u>2,232,677</u>	<u>5,656,101</u>	<u>-</u>	<u>7,888,778</u>
Total assets (NET)	<u>253,548,138</u>	<u>46,226,237</u>	<u>12,379,363</u>	<u>287,810,868</u>

**LIVINGSTON PARISH, LOUISIANA
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NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007**

3.F. LONG-TERM DEBT

General obligation bonds and certificates of indebtedness are comprised of the following individual issues and outstanding balances as of December 31, 2007.

<u>Bonds</u>	<u>Debt Payable 12/31/2007</u>	<u>Interest Requirements To Maturity</u>	<u>Total</u>
\$8,900,000 - Library Bonds, principal to be paid annually, and interest to be paid semi-annually Interest at 4.5%, over 20 years. Paid from Library Fund.	\$ 8,260,000	\$ 3,191,020	\$ 11,451,020
\$4,240,000 - Livingston 05 Bonds, due in semi annual installments, 1 May and 1 Nov. of \$69,635.56 to \$337,106.25, interest paid at 4.25% to 4.75%, from December 2005 through May 1, 2015, with a balloon installment of \$ 2,340,000 from the Reserve fund, fully funded May 2006 for 2,000,000, from the Health Unit Special Revenue Fund, with contingent funding from the General Fund.	4,035,000	1,119,931	5,154,931
\$49,295,000 Series 2006 Road Bonds due in semi annual installments, 1 March and 1 Sept. of \$113,500 to \$4,653,500, interest paid at 4% to 5%, from May 2007 through March 1, 2021, from the Road Special Revenue fund secured by the road sales tax	47,295,000	18,267,500	65,562,500
\$18,890,000 Series 2006 Jail Bonds due in semi annual installments, 1 March and 1 September of \$257,688 to \$1,711,641, interest paid at 4% to 5%, from May 2006 to March 1, 2021, from the Jail Special Revenue Fund secured by the Jail Sales Tax	18,090,000	5,973,094	24,063,094
2006 Bruces Harbor Water Revenue Bonds due in annual installments, December 1 of \$25,000 to \$35,000, interest paid at 4.5% from June 2007 to December 2016 paid by the Livingston Parish Utility Fund.	260,000	62,325	322,325
2007 Sewer Revenue Bonds due in monthly payments of \$11,235.36 from September 2008 to March of 2047, interest paid at 4.25% from the Livingston Parish Utility Fund	<u>2,572,000</u>	<u>2,696,408</u>	<u>5,268,408</u>
Total General Obligation Bonds	\$ 80,512,000	\$ 31,310,278	\$ 111,822,278

**LIVINGSTON PARISH, LOUISIANA
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The following is a summary of bond transactions of the Parish Council for the year ended December 31, 2007:

	January 1, <u>2007</u>	<u>Additions</u>	<u>Redemptions</u>	December 31, <u>2007</u>
Governmental Activities				
Bonds Payable	\$ 80,985,000		\$ (3,305,000)	\$ 77,680,000
Compensated Absences Payable	<u>199,800</u>	<u>6,379</u>	<u>-</u>	<u>206,179</u>
Total Governmental Activities	<u>\$ 81,184,800</u>	<u>\$ 6,379</u>	<u>\$ (3,305,000)</u>	<u>\$ 77,886,179</u>

	January 1, <u>2007</u>	<u>Additions</u>	<u>Redemptions</u>	December 31, <u>2007</u>
Business Activities				
Bonds Payable	\$ 285,000	\$ 2,572,000	\$ (25,000)	\$ 2,832,000
Total Business Activities	<u>\$ 285,000</u>	<u>\$ 2,572,000</u>	<u>\$ (25,000)</u>	<u>\$ 2,832,000</u>

Annual Debt Service Requirements

The annual debt service requirements to maturity, including principal and interest, for the long term debt as of Dec. 31, 2007, excluding compensated absences, are as follows:

Year Ending	<u>Governmental Activities</u>		<u>Business Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
<u>12/31/2007</u>				
2008	\$ 3,970,000	\$ 3,495,494	\$ 33,671	\$ 48,091
2009	4,145,000	3,316,850	51,760	118,999
2010	4,325,000	3,133,850	52,920	116,715
2011	4,520,000	2,946,031	54,130	114,380
2012	4,710,000	2,741,824	60,392	111,992
2013 - 2017	28,590,000	9,926,969	302,897	518,099
2018 - 2022	26,045,000	2,930,288	213,753	462,168
2023 - 2028	1,375,000	60,239	264,264	411,658
2029 - 2047	<u>-</u>	<u>-</u>	<u>1,798,213</u>	<u>856,632</u>
	<u>\$ 77,680,000</u>	<u>\$ 28,551,545</u>	<u>\$ 2,832,000</u>	<u>\$ 2,758,733</u>

Water System Loan

Not included in the above future requirements is a loan of up to \$350,000 authorized by Ordinance 03-247 dated June 12, 2003. The parish drew \$350,000 as of December 31, 2006. Although the loan only requires that interest to be repaid currently and principal to be repaid in \$10,000 increments at any time within the next 22 years (2029), the loan is actually being repaid monthly, principle and interest. The loan proceed are being used to finance the improvements to the Livingston Parish Council Utility Company, water system, serving the Bruce's Harbor, Springfield Terrace and Haynes Settlement Areas.

**LIVINGSTON PARISH, LOUISIANA
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NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007**

	Balance Jan. 1, 2007	Additions	Redemptions	Balance 12/31/2007
Community Development Loan	\$ 341,500	\$ -	\$ 7,200	\$ 334,300

Reconciliation of debt per the notes to the amounts on Statement A
The total loan and bonded debt amount is

Government	\$ 77,680,000	
Business	2,832,000	
Community Dev. Loan	334,300	
		\$ 80,846,300
Less:		
Long Term Debt per Statement A		
Current	4,011,830	
Due After one year	\$ 76,834,470	80,846,300
Difference:		\$ 0

3. G Revenue Historical Data

1. Sales Tax Collections

<u>Year</u>	<u>Amount</u>	<u>Amount</u>	<u>Percent</u>
2007	13,111,968	1,102,106	9.18%
2006	12,009,862	2,062,335	20.73%
2005	9,947,527	1,043,438	11.72%
2004	8,904,089	614,834	7.42%
2003	8,289,255	409,154	5.19%
2002	7,880,101	332,988	4.41%
2001	7,547,113	470,229	6.64%
2000	7,076,884		NA

2. Land Fill Collections

Landfill Royalty Collections

<u>Year</u>	<u>Amount</u>
2007	\$ 1,505,944
2006	1,371,291
2005	1,261,314
2004	1,050,504
2003	1,039,593
2002	911,130
2001	809,546
2000	\$ 854,470

LIVINGSTON PARISH, LOUISIANA
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NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007

NOTE 4. – OTHER NOTES

4.A. PENSION PLAN AND RETIREMENT COMMITMENTS

Substantially all employees of the Livingston Parish Council are members of the Parochial Employees Retirement System of Louisiana (System), a multiple employer public employee retirement system (PERS), controlled and administered by a separate board of trustees. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the Council are members of Plan B.

All permanent employees working at least 28 hours per week who are paid wholly or in part from Council funds, and all elected Council officials are eligible to participate in the System. Under Plan B, employees who retire at or after age 60 with at least 10 years of creditable service, or at or after age 55 with 30 years of creditable service, or at or after age 65 with 7 years of creditable service, are entitled to a retirement benefit, payable monthly for life, equal to 2 percent of their final-average salary for each year of creditable service. Furthermore, employees with at least 10 years of creditable service, but less than 30 years, may take early retirement benefits commencing at or after age 60, with the basic benefit reduced 3 percent for each year retirement precedes age 63. In any case, monthly retirement benefits paid under Plan B cannot exceed the lesser of 100 percent of final-average salary. 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 above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established by state statute.

Contributions to the System include one-fourth of one percent of the taxes shown to be collectible by the tax rolls of each parish, except Orleans and East Baton Rouge parishes. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan prior to January 1, 2002. Prior to January 1, 2002, state statute required employees covered by Plan B to contribute two percent of their salaries in excess of \$100 per month to the System. Effective January 1, 2002, state statute was amended to require employees covered by Plan B to contribute three percent of their salaries per month to the plan.

The following provides certain disclosures for the Council and the retirement system that are required by GASB Codification:

PLAN B

DECEMBER 31, 2007

Contribution Rates:

Employees	3.00%
Employer	5.75%

**LIVINGSTON PARISH, LOUISIANA
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NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007**

Trend Information:

Contributions required by State statute.

FISCAL YEAR	REQUIRED CONTRIBUTION	PERCENTAGE CONTRIBUTED
2005	265,238	100%
2004	211,143	100%
2003	149,837	100%
2002	130,977	100%
2001	90,647	100%
2000	78,046	100%
1999	70,375	100%
1998	63,331	100%
1997	52,599	100%

Trend information showing the progress of the System in accumulating sufficient assets to pay benefits when due is presented in its annual financial reports. Copies of these reports may be obtained from the Parochial Retirement System of Louisiana.

Certain other employees are members of other retirement systems. Parish Government withholds for contributes to the following systems: Louisiana State Employees' Retirement System; Registrar of Voters Employees' Retirement System; and District Attorneys' Retirement System. Contributions to these other systems represent less than 7% of combined retirement contributions.

4.B. RISK MANAGEMENT

The Parish Council is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; employee health and life; and natural disasters. The Parish has purchased various insurance policies to cover such risks. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Parish Council. Settled claims have not exceeded this insurance coverage in any of the past three years.

4.C. ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires the Parish Council's management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

4.D. CENTRALIZED COLLECTION AGENCY AGREEMENT

In accordance with Paragraph (B)(1) of Section 3 of Article VII of the Constitution of the State of Louisiana, the Parish Council entered into an agreement with all of the sales and use taxing authorities of the Parish of Livingston designating the Sales Tax Department of the Livingston Parish School Board as the single tax collection entity.

**LIVINGSTON PARISH, LOUISIANA
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DECEMBER 31, 2007**

4.E. LITIGATION AND CLAIMS

At December 31, 2007, the President and Council is the defendant in several pending lawsuits filed in the 21st Judicial District Court. Although the suits are still pending, the President and Council denies any liability and is actively defending its position. Based on the opinion of legal counsel on the possible outcome of these lawsuits from its legal counsel, it is the opinion of management that the disposition of these matters will not have a material adverse effect on the financial position of the Parish Council. As of December 31, 2007, there are judgments in the amount of \$154,085.38 recorded against the Parish.

4.F. COMPENSATION PAID TO BOARD MEMBERS

In compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature, compensation paid to the Parish Council is included in the legislative expenditures of the General Fund. In accordance with Louisiana Revised Statute 33:1233, the Council has elected the monthly payment method of compensation. Under this method, the council members receive \$1,200 per month. Compensation paid to the Parish Council is as follows:

Mike Grimmer, President	\$ 104,589
Dewey Harrell, Dist 6	14,404
Marshall Harris, Dist 4	14,404
Albert Mincey, Dist 5	14,404
Ronald Sharp, Dist 8	14,404
Randall Rushing, Dist 1	14,404
Carl Cain, Dist 7	14,404
Danny Harrell, Dist 3	14,404
Jimmie McCoy, Dist 2	14,404
Charles Wagner, Dist 9	<u>14,404</u>
Total	<u>\$ 234,225</u>

4.G. DEFERRED COMPENSATION PLAN

During 1996, the Council began a deferred compensation plan created with Section 457 of the Internal Revenue Code. The National Association of Counties Deferred Compensation Program is available to all employees and permits them to defer a portion of their salary until future years. The deferred compensation is not available to all employees and permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

The Council has implemented GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. Under this statement governments who have no responsibility for the Plan and are not formally considered the Plan's trustee are not required to report the Plan in its financial statements. Since the Council's Plan was held in a custodial account with a third party administrator, the assets and liabilities are not presented in the Council's financial statements.

4.H. LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS

On March 27, 2000, the Parish Council adopted Ordinance Number 00-11 whereby the Parish Council approved an agreement with Waste Management of Louisiana, LLC ("Waste Management") concerning the

LIVINGSTON PARISH, LOUISIANA
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NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007

Woodside Landfill issue. Under the terms of the agreement, Waste Management agreed to become the permit holder of the Woodside Landfill's DEQ permit (previously the Parish Council was the permit holder). As a permit holder, Waste Management assumed full responsibility for all obligations imposed by the permit including to defend and hold harmless the Parish Council from any and all liabilities arising out of the permit including but not limited to all closure, post-closure, monitoring and financial responsibility requirements of the existing Woodside facility. Accordingly, at December 31, 2000, the Council removed all municipal solid waste landfill closure and post-closure liability from its General Long-Term Account Group.

In addition, Waste Management agreed to pay the Parish Council 5% of the gross revenue derived from the disposal of solid waste of the landfill for a period of two years from the date of the agreement and 6.5% thereafter of gross revenues until the facility has reached full capacity. Furthermore, Waste Management agreed to pay the Parish Council 6.5% of gross revenues on an additional adjacent landfill site owned by Waste Management subject to a minimum royalty of \$600,000 contingent on gross revenues collected by Waste Management equal to or exceeding \$8,000,000 per year at that facility. Also, Waste Management agreed to pay the Parish Council \$40,000 annually to fund the salary and related expense of a new employee position who will be responsible for acting as a liaison with the public on matters pertaining to residential garbage collections and waste disposal.

4.I. INVESTIGATION

There is an active investigation into the operations of the Livingston Parish Council is presently being conducted by the United State Attorney's Office. The former parish president plead guilty to a misdemeanor offense and a former councilman was convicted of misdemeanor. If there is any other investigation going on, we are not aware of it.

4.J. COMMITMENTS AND CONTINGENCIES

Additionally, the parish entered into a contract in August, 2007 with a construction company to build a new parish jail. The contractual commitments amount to approximately 3.1 million dollars to be paid from the Jail Bond Capital Outlay Fund. The new jail should be ready by December of 2008.

There are two judgments against the parish:

Paul C. Veatch vrs. Liv. Parish	\$15,406
James B. Fontenot vrs. Liv. Parish Police Jury	\$138,679

These judgments are not collectible under Louisiana law because the parish is immune from unbudgeted judgments. At this time, there are no additional judgments against the parish.

In 2005, the Parish suffered damage from Hurricanes Katrina and Rita. The final audit by FEMA on these claims may not be completed for years. IF there is any liability for these funds, the amounts are not known or included in these financial statements.

4.K. SUBSEQUENT EVENTS

In April of 2008, the Livingston Parish Jail was damaged by a tornado. The damage was minor, and the jail should be opened in December of 2008.

In September of 2008, Livingston Parish was damaged by Hurricanes Gustav and Ike. Livingston is not part of the declared disaster for Hurricane Ike, but has met the known criteria for inclusion in Ike. Currently, Hurricane Gustav damages are reimbursed by the Federal Government at a 75% rate, and Ike at 100%. At this time, there is no state match for these storms. While only the Registrar of Voters Office suffered damage from

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DECEMBER 31, 2007**

the Hurricanes, the parish will expend between twelve and sixteen million dollars in debris cleanup and emergency operations. The rainy day fund of two million dollars and parish road funds will handle the local share of this disaster. The parish expects to be fully recovered from these hurricanes by December 31, 2008.

Unfortunately, under the modified accrual method used in governmental accounting, the expenses for these storms will be recognized in 2008. The federal revenues will not be recognized until 2009. There will be substantial fund deficits in 2008 that will not be corrected until 2009.

Required Supplemental Information (Part II)
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Major Governmental Funds

Livingston Parish Council

Schedule 1

Schedule of Revenues, Expenditures, and Changes In Fund Balances - Budget to Actual
General Fund
For the Year Ended December 31, 2007

	<u>Original Budget</u>	<u>Total Budget - Revised</u>	<u>Current Year Actual</u>	<u>Total Budget Variance - Revised</u>	<u>Percent Total Budget Remaining - Revised</u>
Revenues					
Property Taxes	\$ 525,000	\$ 520,000	\$ 554,816	\$ 34,816	6.70%
Franchise Taxes	459,000	540,000	618,757	78,757	14.58%
License & Permits General Govt	2,296,507	2,314,500	3,198,364	883,864	38.19%
IGR-Operating-Gen Govt	1,009,200	924,029	724,912	(199,117)	(21.55)%
IGR Operating Pub Safety	2,185	1,433	25,482	24,049	1,678.21
IGR Operating-Pub Health	110,000	165,476	205,984	40,508	24.48%
FEES-Gen Govt	58,000	158,461	268,162	109,701	69.23%
FEES-Pub Safety	56,100	46,361	52,639	6,278	13.54%
FEES-Health & Human Services	60,000	60,601	-	(60,601)	(100.00)
Use of Money and Property - Gov.	1,183,000	1,470,924	2,590,488	1,119,564	76.11%
Use of Money and Property - Business	250	2,400	2,446	46	1.93%
Misc Revenues	54,700	21,000	100	(20,900)	(99.52)%
Total Revenues	5,813,942	6,225,185	8,242,150	2,016,965	32.40%
Expenditures					
General Government	2,362,870	2,194,274	2,241,826	(47,552)	(2.17)%
Public Safety	1,295,301	770,760	704,975	65,785	8.54%
Public Works	79,500	8,300	846	7,454	89.81%
Health & Welfare	148,909	189,809	226,308	(36,497)	(19.23)%
Culture & Recreation	53,294	632	5,108	(4,476)	(708.23)
Economic Development	53,476	53,476	74,452	(20,978)	(39.23)%
Capital Outlay-Gen Govt	12,500	12,500	46,493	(33,993)	(271.95)
Capital Outlay-Pub Safety	27,333	-	48,931	(48,931)	0.00%
Capital Outlay-Pub Works*	-	161,453	218,893	(57,440)	0.00%
Transfers	1,427,196	3,326,675	3,395,197	(68,523)	(2.02)%
Utilities-Sewerage	65,000	11,000	8,932	2,069	18.81%
Transfers to Non Governmental Funds	-	550,000	589,576	(39,576)	(7.20)%
Total Expenditures	5,525,379	7,278,879	7,561,537	(282,659)	(3.73)
Revenues and Other Sources over (under)					
Expenditures and Other Uses	343,229	(892,241)	680,613	\$ 1,506,300	(168.82)
Beginning Fund Balance	1,041,038	4,102,170	4,102,170		
Ending Fund Balance	1,384,267	3,209,929	4,782,783		

* Federal Grant added by language to budget adoption ordinance)

Livingston Parish Council

Schedule 2

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual
 Health Unit Special Revenue Fund
 For the Year Ended December 31, 2007

	Original Budget	Total Budget Revised	Current Year Actual	Total Budget Variance - Revised	Percent Total Budget Remaining - g - Revised
Revenues					
Property Taxes	\$ 1,065,000	\$ 1,200,000	\$ 1,268,746	\$ 68,746	5.73%
License & Permits-Health & Human Services	52,000	52,000	45,730	(6,270)	(12.06)%
IGR Operating-Pub Health	72,000	72,000	52,895	(19,105)	(26.53)%
Use of Money and Property	120,000	120,000	160,839	40,839	34.03%
Total Revenues	1,309,000	1,444,000	1,528,210	84,210	5.83%
Expenditures					
Health & Welfare	832,384	726,247	650,226	76,021	10.47%
Capital Outlay-Health & Welfare	360,000	950,000	530,175	419,825	44.19%
Transfers	472,098	499,904	525,843	(25,939)	(5.19)%
Total Expenditures	1,664,482	2,176,151	1,706,244	469,907	21.59%
Revenues and Other Sources over (under)					
Expenditures and Other Uses	(355,482)	(732,151)	(178,034)	\$ 554,117	(75.68)%
Beginning Fund Balance	4,028,879	4,403,497	4,474,780		
Ending Fund Balance	\$ 3,673,397	\$ 3,671,346	\$ 4,296,746		

Livingston Parish Council

Schedule 3

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual
 Jail Sales Tax Special Revenue Fund
 For the Year Ended December 31, 2007

	Original Budget	Total Budget Revised	Current Year Actual	Total Budget Variance - Revised	Percent Total Budget Remaining - g - Revised
Revenues					
Sales Taxes	\$ 2,250,000	\$ 2,900,000	\$ 2,552,541	\$ (347,459)	(11.98)%
Use of Money and Property	18,000	18,000	658	(17,342)	(96.35)%
Transfers In	600,000	300,000	300,000	-	0.00%
Total Revenues	<u>3,218,000</u>	<u>3,218,000</u>	<u>2,853,198</u>	<u>(364,802)</u>	<u>(11.34)%</u>
Expenditures					
Public Safety	1,105,021	1,743,000	1,946,287	(203,287)	(11.66)%
Capital Outlay-Pub Safety	-	-	12,490	(12,490)	0.00%
Transfers	1,747,251	1,792,054	1,786,295	5,758	0.32%
Total Expenditures	<u>3,535,054</u>	<u>3,535,054</u>	<u>3,745,072</u>	<u>(210,018)</u>	<u>(5.61)%</u>
Revenues and Other Sources over (under) Expenditures and Other Uses	15,728	(317,054)	(891,874)	\$ (574,820)	181.30%
Beginning Fund Balance	200,995	499,924	499,924		
Ending Fund Balance	\$ <u>216,723</u>	\$ <u>182,870</u>	\$ <u>(391,950)</u>		

Livingston Parish Council

Schedule 4

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual
 Road Special Revenue Fund
 For the Year Ended December 31, 2007

	<u>Original Budget</u>	<u>Total Budget - Revised</u>	<u>Current Year Actual</u>	<u>Total Budget Variance - Revised</u>	<u>Percent Total Budget Remainin g - Revised</u>
Revenues					
Property Taxes	\$ 1,160,000	\$ 1,160,000	\$ 1,284,082	\$ 124,082	10.70%
Sales Taxes	8,400,000	9,200,000	9,570,266	370,266	4.02%
IGR Operating-Pub Works	985,000	817,926	1,169,405	351,479	42.97%
Use of Money and Property	50,000	9,000	32,396	23,396	259.96%
Misc Revenues	605,000	1,020,000	951,736	(68,264)	(6.69)%
Total Revenues	<u>11,200,000</u>	<u>12,206,926</u>	<u>13,007,885</u>	<u>800,959</u>	<u>6.56%</u>
Expenditures					
Public Works	4,168,308	4,611,580	5,171,261	(559,681)	(12.14)%
Capital Outlay-Pub Works	1,350,000	996,000	1,101,270	(105,270)	(10.57)%
Transfers	4,929,669	4,988,371	5,044,764	(56,394)	(1.13)%
Total Expenditures	<u>10,447,977</u>	<u>10,595,951</u>	<u>11,317,295</u>	<u>(721,344)</u>	<u>(6.81)%</u>
Revenues and Other Sources over (under)					
Expenditures and Other Uses	752,023	1,610,975	1,690,590	\$ 79,615	4.94%
Beginning Fund Balance	<u>965,945</u>	<u>4,215,923</u>	<u>4,215,923</u>		
Ending Fund Balance	\$ <u>897,968</u>	\$ <u>5,826,898</u>	\$ <u>5,906,513</u>		

Livingston Parish Council

Schedule 5

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual
 Road Construction Fund
 For the Year Ended December 31, 2007

	<u>Original Budget</u>	<u>Total Budget - Revised</u>	<u>Current Year Actual</u>	<u>Total Budget Variance - Revised</u>	<u>Percent Total Budget Remainin g - Revised</u>
Revenues					
Use of Money and Property	859,117 \$	944,408 \$	960,567 \$	16,159	1.71%
Misc Revenues	-	-	72	72	0.00%
Total Revenues	<u>859,117</u>	<u>944,408</u>	<u>960,639</u>	<u>16,231</u>	<u>1.72%</u>
Expenditures					
Capital Outlay-Pub Works	<u>29,165,000</u>	<u>29,165,000</u>	<u>34,207,827</u>	<u>(5,042,827)</u>	<u>(17.29)%</u>
Total Expenditures	<u>29,165,000</u>	<u>29,165,000</u>	<u>34,207,827</u>	<u>(5,042,827)</u>	<u>(17.29)%</u>
Revenues and Other Sources over (under)					
Expenditures and Othere Uses	(28,305,883)	(28,220,592)	(33,247,188) \$	(5,026,596)	17.81%
Beginning Fund Balance	<u>28,565,000</u>	<u>33,549,875</u>	<u>33,549,875</u>		
Ending Fund Balance	<u>259,117 \$</u>	<u>5,329,283 \$</u>	<u>302,687</u>		

Livingston Parish Council

Schedule 6

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual
 Jail Construction Fund
 For the Year Ended December 31, 2007

	Original Budget	Total Budget Revised	Current Year Actual	Total Budget Variance - Revised	Percent Total Budget Remaining - Revised
Revenues					
Use of Money and Property	\$ 361,203	\$ 716,694	\$ 590,877	\$ (125,817)	(17.56)%
Total Revenues	<u>361,203</u>	<u>716,694</u>	<u>590,877</u>	<u>(125,817)</u>	<u>(17.56)%</u>
Expenditures					
Capital Outlay-Pub Safety	250,000	12,930,512	13,384,484	(453,972)	(3.51)%
Total Expenditures	<u>250,000</u>	<u>12,930,512</u>	<u>13,384,484</u>	<u>(453,972)</u>	<u>(3.51)%</u>
Revenues and Other Sources over (under) Expenditures and Other Uses	111,203	(12,213,818)	(12,793,606)	(579,788)	4.75%
Beginning Fund Balance	<u>18,334,461</u>	<u>15,906,755</u>	<u>15,906,754</u>		
Ending Fund Balance	\$ <u>18,445,664</u>	\$ <u>3,692,937</u>	\$ <u>3,113,148</u>		

Livingston Parish Council

Schedule 7

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual
 Library Construction Fund
 For the Year Ended December 31, 2007

	Original Budget	Total Budget Revised	Current Year Actual	Total Budget Variance - Revised	Percent Total Budget Remaining - Revised
Revenues					
IGR-Capital Outlay-Culture, Rec & Tourism \$	- \$	402,086	\$ 250,000	\$ (152,086)	(37.82)%
Use of Money and Property	-	-	831,181	831,181	0.00%
Total Revenues	-	402,086	1,081,181	679,095	168.89%
Expenditures					
Culture & Recreation	-	-	913,747	(913,747)	0.00%
Capital Outlay-Culture & Rec	-	1,200,000	954,349	245,651	20.47%
Total Expenditures	-	1,200,000	1,868,096	(668,096)	(55.67)%
Revenues and Other Sources over (under) Expenditures and Other Uses	-	(797,914)	(786,915) \$	10,999	(1.38)%
Beginning Fund Balance	63,726	787,914	787,915		
Ending Fund Balance	\$ 63,726	\$ (10,000)	\$ 1,000		

Livingston Parish Council

Schedule 8

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual
 Road Sinking Fund
 For the Year Ended December 31, 2007

	Original Budget	Total Budget Revised	Current Year Actual	Total Budget Variance - Revised	Percent Total Budget Remaining - Revised
Revenues					
Use of Money and Property	\$ 20,000	\$ 20,000	\$ 67,169	\$ 47,169	235.85%
Transfers In	<u>4,777,450</u>	<u>4,771,417</u>	<u>4,779,083</u>	<u>7,666</u>	<u>0.16%</u>
Total Revenues	<u>4,797,450</u>	<u>4,791,417</u>	<u>4,846,252</u>	<u>54,836</u>	<u>1.14%</u>
Expenditures					
Debt Service Principle	2,355,617	2,355,750	2,000,000	-	0.00%
Debt Service - Interest Public Works	<u>2,421,833</u>	<u>2,000,000</u>	<u>2,355,750</u>	<u>-</u>	<u>0.00%</u>
Total Expenditures	<u>4,777,450</u>	<u>4,355,750</u>	<u>4,355,750</u>	<u>-</u>	<u>0.00%</u>
Revenues and Other Sources over (under) Expenditures and Other Uses	20,000	435,667	490,502	\$ 54,836	12.59%
Beginning Fund Balance	<u>20,000</u>	<u>2,421,980</u>	<u>2,421,980</u>		
Ending Fund Balance	\$ <u>40,000</u>	\$ <u>2,857,647</u>	\$ <u>2,912,482</u>		

Livingston Parish Council
Combining Balance Sheet
Non-major Governmental Funds
December 31, 2007

Schedule 9

	Admin Fund	Bingo Fund	Coroner Fund	Criminal Court Fund	Criminal Court Witness Fund	Hazard Mitigation Fund	Jury Fund
Assets							
Cash & Cash Equivalents	\$ 56,357	\$93,695	\$ 16,104	\$ 560	\$ 10,091	\$53,947	\$140,324
Certificates of Deposit	-	-	-	-	-	-	-
Louisiana Asset Management Pool	-	-	-	-	-	-	-
Investments At Fair Value	-	-	-	-	-	-	-
Receivables	7,000	5,871	520	37,816	2,124	-	3,460
Restricted Assets	-	-	-	-	-	-	-
Cash and Cash equivalents	-	-	-	-	-	-	-
Lamp	-	-	-	-	-	-	-
Investments at Fair Value	-	-	-	-	-	-	-
Receivables	-	-	-	-	-	-	-
Prepaid Expenses	-	-	-	-	-	-	-
Inventory	-	-	-	-	-	-	-
Due From Other Funds	-	-	-	-	-	-	-
Due from Other Governments	-	-	-	-	-	-	-
Unamortized Debt Issue Costs	-	-	-	-	-	-	-
Total Assets	<u>63,357</u>	<u>99,566</u>	<u>16,624</u>	<u>38,376</u>	<u>12,215</u>	<u>53,947</u>	<u>143,784</u>
Liabilities							
Accounts Payable	39,899	115	10,539	-	3,000	-	-
Liabilities Payable from Restricted Assets	-	-	-	-	-	-	-
Accounts Payable	-	-	-	-	-	-	-
Retainage Payable	-	-	-	-	-	-	-
Accrued Expenses Payable	23,458	126	6,084	3,331	-	-	-
Due to Enterprise Funds	-	-	-	-	-	-	-
Due to Other Funds	-	-	-	82,420	-	-	-
Retainage Payable	-	-	-	-	-	-	-
Deferred Revenue	-	-	-	-	-	53,947	-
Total Liabilities	<u>63,357</u>	<u>241</u>	<u>16,624</u>	<u>85,751</u>	<u>3,000</u>	<u>53,947</u>	<u>-</u>
Fund Balance							
Designated for Construction	-	-	-	-	-	-	-
Restricted for Debt Service	-	-	-	-	-	-	-
Unrestricted	-	99,325	-	(47,375)	9,215	-	143,784
Total Fund Balance	<u>-</u>	<u>99,325</u>	<u>-</u>	<u>(47,375)</u>	<u>9,215</u>	<u>-</u>	<u>143,784</u>
Total Liabilities and Fund Balance	<u>\$ 63,357</u>	<u>\$99,566</u>	<u>\$ 16,624</u>	<u>\$ 38,376</u>	<u>\$ 12,215</u>	<u>\$53,947</u>	<u>\$143,784</u>

Livingston Parish Council

Schedule 9

Combining Balance Sheet
Non-Major Governmental Funds
December 31, 2007

Office of Emergency Preparedness Fund	Recreation District No. 1 Fund	Emergency Reserve Fund	Animal Shelter Capital Outlay Fund	Health Unit Debt Service Sinking Fund	Health Unit Debt Service Sinking Sub Fund	Jail Debt Service Sinking Fund	Library Debt Service Sinking Fund	Total
\$ 15,715	\$ 293	\$ 2,000,000	\$ 50,000	-	-	-	-	\$ 2,437,086
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	56,791
-	-	-	-	\$ 3,500	-	-	\$ 872,429	875,929
-	-	-	-	117,161	\$ 2,029,938	\$ 1,088,125	-	3,235,224
-	-	-	-	-	-	-	1,012,217	1,012,217
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>15,715</u>	<u>293</u>	<u>2,000,000</u>	<u>50,000</u>	<u>120,661</u>	<u>2,029,938</u>	<u>1,088,126</u>	<u>1,884,646</u>	<u>7,617,247</u>
1,986	-	-	-	-	-	-	-	55,540
-	-	-	-	-	-	-	200,747	200,747
7,458	-	-	-	-	-	-	-	40,457
-	-	-	-	-	-	-	-	82,420
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	53,947
<u>9,445</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>200,747</u>	<u>433,109</u>
-	-	-	50,000	-	-	-	-	50,000
-	-	-	-	120,661	2,029,938	1,088,125	1,683,900	4,922,625
<u>6,270</u>	<u>293</u>	<u>2,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,211,513</u>
<u>6,270</u>	<u>293</u>	<u>2,000,000</u>	<u>50,000</u>	<u>120,661</u>	<u>2,029,938</u>	<u>1,088,125</u>	<u>1,683,900</u>	<u>7,184,138</u>
\$ <u>15,715</u>	\$ <u>293</u>	\$ <u>2,000,000</u>	\$ <u>50,000</u>	\$ <u>120,661</u>	\$ <u>2,029,938</u>	\$ <u>1,088,125</u>	\$ <u>1,884,646</u>	\$ <u>7,617,247</u>

Livingston Parish Council

Schedule 10

Combining Schedule of Revenues
Expenditures and Changes in Fund Balance
Non-Major Governmental Funds
For the year Ended December 31, 2007

	Admin Fund	Bingo Fund	Coroner Fund	Criminal Court Fund	Criminal Court Witness Fund	Jury Fund	Office of Emergency Preparedness Fund
Revenues							
Taxes	-	-	-	-	-	-	\$ 38,489
Licenses and Permits	-	\$ 59,786	-	-	-	-	-
Fines and Forfeitures	-	-	\$ 9,820	-	\$43,836	\$ 72,080	-
Fees and Commissions	-	-	13,200	-	32,702	46,111	-
Intergovernmental Revenues	-	-	-	-	-	-	464,916
Miscellaneous	-	-	15,185	-	-	-	-
Use of Money and Property	-	356	-	\$ 28	55	489	-
Other Financing Sources	-	-	-	1,956	-	-	-
Total Revenues	-	60,142	38,205	1,984	76,593	118,680	503,405
Expenditures							
Current Expenditures							
General Government	\$1,175,844	7,879	-	53,941	78,560	32,122	-
Public Safety	-	-	285,282	-	-	-	628,970
Public Works	-	-	-	-	-	-	-
Health and Welfare	-	-	-	-	-	-	-
Culture and Recreation	-	-	-	-	-	-	-
Economic Development	-	-	-	-	-	-	-
Utilities	-	-	-	-	-	-	-
Capital Outlay							
Capital Outlay-Gen Govt	4,001	-	-	-	-	-	-
Capital Outlay-Pub Safety	-	-	-	-	-	-	14,529
Capital Outlay-Public Works	-	-	-	-	-	-	-
Capital Outlay-Health and	-	-	-	-	-	-	-
Capital Outlay-Culture and	-	-	-	-	-	-	-
Debt Service							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Total Expenditures	1,179,845	7,879	285,282	53,941	78,560	32,122	643,499
Excess Revenues (-Expenditures)	<u>(1,179,846)</u>	<u>52,263</u>	<u>(247,077)</u>	<u>(51,957)</u>	<u>(1,967)</u>	<u>86,558</u>	<u>(140,094)</u>
Other Financing Sources and Uses							
Enterprise Transfers In/out							
Governmental Transfers In/Out	1,179,846	(13,856)	247,077	-	-	(16,020)	146,364
Total Other Financing Sources and	1,179,846	(13,856)	247,077	-	-	(16,020)	146,364
Excess Revenues and Other Sources	<u>-</u>	<u>38,407</u>	<u>-</u>	<u>(51,957)</u>	<u>(1,967)</u>	<u>70,539</u>	<u>6,270</u>
Fund Balance, Beginning of Year	<u>-</u>	<u>60,918</u>	<u>-</u>	<u>4,582</u>	<u>11,182</u>	<u>73,245</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ 99,325</u>	<u>\$ -</u>	<u>\$(47,375)</u>	<u>\$ 9,215</u>	<u>\$143,784</u>	<u>\$ 6,270</u>

Livingston Parish Council

Schedule
10

Combining Schedule of Revenues
Expenditures and Changes in Fund Balance
Non-Major Governmental Funds
For the year Ended December 31, 2007

Recreation District No. 1 Fund	Emergency Reserve Fund	Animal Shelter Capital Outlay Fund	Health Unit Debt Service Sinking Fund	Health Unit Debt Service Sinking Sub Fund	Jail Debt Service Sinking Fund	Library Debt Service Sinking Fund	Total
-	-	-	-	-	-	\$1,333,616	\$1,372,105
-	-	-	-	-	-	-	59,786
-	-	-	-	-	-	-	125,736
-	-	-	-	-	-	-	92,013
-	-	-	-	-	-	-	464,916
-	-	-	-	-	-	-	15,185
-	-	-	\$ 3,597	\$ 88,442	\$ 26,802	10,607	130,376
-	-	-	-	-	-	-	1,956
-	-	-	3,597	88,442	26,802	1,344,223	2,262,073
-	-	-	-	-	-	-	1,348,348
-	-	-	-	-	-	-	914,252
-	-	-	-	-	-	-	4,001
-	-	-	-	-	-	-	14,529
-	-	-	-	-	-	-	-
-	-	-	205,000	-	800,000	300,000	1,305,000
-	-	-	191,493	-	780,598	541,841	1,513,932
-	-	-	396,493	-	1,580,598	841,841	5,100,062
-	-	-	(392,894)	88,442	(1,553,796)	502,381	(2,837,988)
-	\$ 2,000,000	-	393,553	6,441	1,729,612	-	5,673,018
-	2,000,000	-	393,553	6,441	1,729,612	-	5,673,018
-	2,000,000	-	658	94,883	175,818	502,382	2,835,033
293	-	50,000	120,003	1,935,055	912,308	1,181,518	4,349,104
\$ 293	\$ 2,000,000	\$ 50,000	\$120,661	\$2,029,938	\$ 1,088,126	\$1,683,900	\$7,184,137

Other Supplemental Information

**LIVINGSTON PARISH, LOUISIANA
PRESIDENT AND COUNCIL**

**OTHER SUPPLEMENTARY SCHEDULE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2007**

Basis of Presentation

The Schedule of Expenditure of Federal Awards included the grant activity of Livingston Parish President and Council and is presented on the accrual 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 basic financial statements.

Subrecipients

Livingston Parish President and Council provided federal awards to the Livingston Parish Council on Aging (subrecipient) in the amount of \$161,453, CFDA number 20.509.

OTHER REPORTS REQUIRED BY

GOVERNMENT AUDITING STANDARDS

and

OMB Circular A-133

The following pages contain a report on compliance with laws and regulations and on internal controls as required by *Government Auditing Standards*, issued by the Comptroller General of the United States. This report is based solely on the audit of the financial statements and includes, where appropriate, any reportable conditions and/or material weaknesses in internal control or compliance matters that would be material to the presented financial statements.

A report on compliance with requirements of laws, regulations, contracts, and grants applicable to each major program and internal control as required by *U.S. Office of Management and Budget (OMB) Circular A-133*. In conducting an audit in accordance with standards, this report discloses any instances of noncompliance with requirements of each major program as well as any reportable conditions and/or material weakness in internal control over those major programs.

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

**President and Council
Livingston Parish, Louisiana**

I have audited the financial statements of the governmental activities, the business activities, each major fund, and the aggregate remaining fund information of the **Livingston Parish President and Council**, as of and for the year ended December 31, 2007, which collectively comprise the primary government and have issued my report thereon dated September 5, 2008. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Parish President and Council's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the primary government financial statements and not for the purpose of expressing an opinion on the effectiveness of the **Livingston Parish President and Council** internal control over financial reporting. Accordingly I do not express an opinion on the effectiveness of the **Livingston Parish President and Council's** internal control over financial reporting.

My consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, I identified certain deficiencies in internal control over financial reporting that I consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant that are also

considered to be material weaknesses. However, of the significant deficiencies described above, I consider items 2007-1, 2007-2, 2007-3, 2007-5, and 2007-6 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Parish President and Council's primary government financial statements are free of material misstatement, I 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed three instances of noncompliance that are required to be reported under *Government Auditing Standards* and the *Louisiana Governmental Audit Guide*. I consider items 2007-3, 2007-4 and 2007-7 to have the potential to have a direct and material effect on the financial statements.

This report is intended solely for the information and use of management, others within the organization, federal awarding agencies and state pass-through entities, and the Legislative Auditor for the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Leroy J. Chustz

Leroy J. Chustz, CPA, APAC

September 5, 2008

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM
AND INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133**

**President and Council
Livingston Parish, Louisiana**

Compliance

I have audited the compliance of **Livingston Parish President and Council**, 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, 2007. The Parish President and Council'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 Parish President and Council's management. My responsibility is to express an opinion on Parish President and Council's compliance based on my audit.

I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government 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 I 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 Parish President and Council's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on the Parish President and Council's compliance with those requirements.

In my opinion, the Parish President and Council 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, 2007.

Internal Control Over Compliance

The management of the Parish President and Council 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 my audit, I considered the Parish President and Council's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my

opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the entity's internal over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that at material noncompliance with a type compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

My consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses as defined above.

This report is intended solely for the information and use of management, others within the organization, federal awarding agencies and state pass-through entities, and the Legislative Auditor for the State of Louisiana, and is not intended to be and should not be used by anyone other than these specified parties. However this report is a matter of public record, and its distribution is not limited.

Leroy J. Chustz

Leroy J. Chustz, CPA, APAC

September 5, 2008

**LIVINGSTON PARISH PRESIDENT AND COUNCIL
LIVINGSTON, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2007**

I. SUMMARY OF AUDIT RESULTS

The auditor's report expresses an unqualified opinion on the basic financial statements of Livingston Parish President and Council, Louisiana.

- Significant deficiencies were disclosed during the audit of the basic financial statements.
- Three instances of noncompliance were disclosed during the audit of the basic financial statements.
- There were no significant deficiencies disclosed during the audit of the major federal award programs.
- The auditor's report on compliance for the major federal award programs for the Livingston Parish President and Council expresses an unqualified opinion.
- The programs tested as major programs included:
 - Community Facility Loan, CFDA 10.001
 - Community Facility Grant, CFDA 10.733
- The threshold for distinguishing Types A and B programs was \$300,000.
- The Livingston Parish President and Council was determined not to be a low-risk auditee.

II. FINDINGS — FINANCIAL STATEMENTS AUDIT

2007-1 Weakness in the Fixed Asset Accounting Program (Previously reported as 2006-1, 2005-1 and 2004-1)

MATERIAL WEAKNESS

Condition

The automated program that the Parish Council uses to manage the accounting functions related to fixed assets, randomly deleted an asset that was still in service from the data base. This asset was entered in the Parish software in the 2003 year and during examination of the 2004 year schedules it was discovered that this asset was no longer on the list. The reports provided to us for audit purposes did not disclose the useful life nor the depreciation method. Sometime during or subsequent to 2005 the entire fixed asset listing and data base for depreciation was lost or compromised to such an extent that it was no longer viable. The entire fixed asset accounting system had to be recreated from data provided by the work papers of the audit firm.

Reason improvement needed

The loss of the fixed asset program is a clear weakness in the Parish Council's systems. Fixed asset accounting should be maintained in such a way that there are multiple backups including, but not necessarily limited to, off site copies of not only fixed asset accounting but including all accounting and other critical data.

Cause

After discussing this problem with Parish Finance Director it was agreed that the procedures for accounting and backing up of data was inadequate.

Recommendation

The Council should seek a more stable version or edition of this fixed asset program or should seek a new program altogether. Further, capital assets should be controlled by general ledger entry and all transactions recorded in the capital asset general ledger. It is also suggested that the fixed asset program be integrated with general ledger accounting program(s).

Current Year Status

The parish initiated the use of a capital asset program and began the process of recording previously unrecorded capital assets. There were a significant quantity of assets that were discovered and recorded as a result of the effort of the finance department staff. However, the capital asset accounting system needs to be integrated with the fund accounting system. The parish has begun to migrate several functions to the fund accounting system purchased in 2006.

There were major capital assets which were not included on the parish's capital asset listing which were discovered during the audit process. The parish's system of control is inadequately designed to capture and account for all capital assets. There continues to be a need for significant improvement in accounting for capital assets.

The reporting for capital assets is incomplete and does not provide for verification of calculations and agreement to general ledger control totals. The reports furnished to us did not have totals for capital assets, beginning accumulated depreciation, ending accumulated depreciation nor for current depreciation. There was no comprehensive report available that contained the above information. In order to obtain the above information, three separate reports were necessary none of which had totals. The capital asset accounting system as implemented in 2007 is improperly designed and inadequately reports information necessary for proper administration and management.

Management's Response

See management's corrective action plan.

2007-2 Accounting System and Related Controls Lacking (Previously reported as 2006-2)
MATERIAL WEAKNESS

Condition

Prior to September, 2005, the accounting system and the related system of controls were marginally adequate to meet the needs of the government, however, the aftermath of Hurricane Katrina left parish government unable to maintain existing responsibilities while responding to the increased workload brought about by the Hurricane. The following matters were observed for the year ended December 31, 2007.

- The accounting records were in arrears for a portion of 2007 and financial statements were not published for some months.
- The permit and other fee based authorizations system of issuance and collection does not provide adequate issuance controls, reconciliation and reporting to a centralized controlling authority.
- The documentation of the system of internal controls, division of accounting responsibilities, significant controls to protect assets and prevent fraud, and segregation of duties is outdated and insufficient to meet current requirements.

Cause

The accounting program used by the parish was *Quickbooks* which is not a fund based accounting system and required that each fund be accounted for in a separate set of accounting records. Which is a time consuming and labor intense process. Parish government has recently grown in size and complexity and the accounting staff was only 2 persons during 2005. One of the two accounting personnel left parish employment and was replaced by another person who required training in the parish accounting system. The two accounting personnel were responsible for not only all accounting but also purchasing, human resources, inventory control, capital asset accounting and management of the overall system of internal controls. The aftermath of Hurricane Katrina overwhelmed the limited staff of parish government and the accounting system and related controls and as a result the accounting, controls and reporting deteriorated. Some of the conditions related to the 2005 collapse of the accounting system lingered until some time in 2007. The permit system is improperly designed to ensure that all permits are properly priced and that all permits issued are ultimately collected and accounted for. It is possible for a permit to be incorrectly priced and the associated fees not be collected.

Recommendation

The Parish should continue to upgrade the Finance Department and should continue the upgrade of the accounting system to a fund based system capable of automated reporting on a fund, fund type, combining and combined basis to include fund and government wide reporting. The Finance Department, with increased staffing and improved accounting systems should be able to increase the timeliness and frequency of reconciling, monitoring and reporting. Management should evaluate and where necessary, redesign and document the system of internal controls and accounting controls and identify the significant control points intended to safeguard assets and prevent fraud. The permitting and cash collection functions should be reviewed and segregated controls should be implemented.

Current Year Status

There were improvements in several areas reported last year. Payroll withholdings and matches as well as vendor payments were paid timely. Permit fee receivables were collected and were not in arrears at year end. Internal controls have generally been improved however, the parish should continue its efforts to

strengthen controls and segregate incompatible responsibilities. Bank accounts were consolidated as of January, 2007. Many interfund due to and from balances were liquidated. Efforts to improve interim financial reporting should continue.

Management's Response

See management's corrective action plan.

2007-3 Parish Transportation Act

NON COMPLIANCE

MATERIAL WEAKNESS

Condition

Louisiana Revised Statute 48:751-762, The Parish Transportation Act provides for the manner in which roads are constructed, replaced, maintained and accepted into the parish's road maintenance system. The Parish Transportation Fund was created by the state legislature to provide funds to the Parish for the purpose of improving parishwide road systems. The Parish received approximately \$890,000 of Parish Transportation funds during 2007.

The Parish Transportation Act defines road as a road that "serves a public purpose that is in the best interest of the parish or municipality and their respective road systems." The act requires that parishes:

1. Develop a three-year capital improvement program for construction, replacement and maintenance of roads.
2. Only construct roads based on engineering plans and inspections.
3. Adopt a system of administration for all roads.

In 1983 the Parish adopted the "System of Road Administration" which established a "parishwide unit system of maintenance" for the maintenance and improvement of public roads, bridges, and road drainage. The Parish's Code of Ordinances Section 14-2 through 14-5 describes three types of roads that are provided for in the "System of Road Administration". The three types are described as: Type A, Concrete street or road; Type B, asphaltic concrete or three-course bituminous surface treatment street or road, or; Type C, gravel street or road.

The voters of the Parish approved and extended a one percent sales tax which is dedicated to roads (75%) and jail (25%). The tax has been approved through the year 2021. The Parish received approximately \$13,000,000 during 2007. The proceeds of the taxes are pledged for the redemption of the 2005 Road Bonds totaling \$49,295,000.

The Attorney General, in his Opinion 97-267, interpreted the Parish Transportation Act to require parishes to base their road maintenance systems on the requirements set forth in the Parish Transportation Act "regardless of the funding source for a particular road project"

Finding

The Parish Transportation Act specifically prohibits the Parish Council from operating on the ward (council district) system for road improvements or maintenance, by which individual Parish Councilmen direct road work in their own districts without regard to the most critical need of the parish as a whole. The Parish Transportation Act requires the Parish Council to develop a three year capital improvement program based on a priority ranking for the most critical needs existing parishwide.

Attorney General Opinions 99-306 and 92-328 require all road improvement projects regardless of funding source be included in the parishwide capital improvement program based on the most critical needs of the parish as a whole.

The methodology of road selection utilized by the Parish is based on dividing the available funds equally among the council districts. Each council member individually develops a list of roads to be improved in a given contractual cycle and subsequently each council member's list is made part of the master list and approved by the council as a whole. The parish is not complying with the requirements of the Parish Transportation Act in that there is not a parishwide system of road administration with a three year capital improvement program based on the most critical needs of the parish as a whole. Some roads accepted into the parish system and subsequently included in the capital improvement project do not meet the requirements of the parish's System of Road Administration.

Additionally, the controls are inadequately designed and therefore there are no adequate controls in place to ensure that payments for road improvements are in compliance with Parish Ordinances and State Statutes.

Recommendation

The parish should comply with State Statutes and its own ordinances in future road improvement projects. The parish should also develop the necessary control systems to ensure compliance prior to contracting and expending public funds.

Management's Response

See management's corrective action plan.

2007-4 Public Bid Law NON COMPLIANCE

Condition

The parish is required to obtain bids for material and supplies when those purchases exceed \$20,000. The Attorney General has previously opined that annual purchases should be aggregated for purposes of applying the bid law.

Finding

The parish purchased medications for parish prisoners during 2007 of approximately \$179,000 without benefit of any competitive bidding, nor without soliciting quotes for the lowest available prices.

Recommendation

The parish should comply with public bid law requirements and as a result the parish could reduce its prisoner maintenance costs significantly.

**2007-5 General Journal Entries
MATERIAL WEAKNESS**

Condition

General journal entries constitute a vulnerability in any accounting system. General journal entries provide a gateway into the accounting system whereby any accounts can be modified and there may not be any substantiation of the purpose of the entry or transaction.

Finding

When we reviewed the journal entries for the year 2007, we discovered that there were thousands of lines of general journal entries. There was no organized file of supporting documentation for those entries. Many of the entries had adequate and verifiable explanations however there were many entries that did not adequately explain their purpose.

Recommendation

The parish has invested in a modular accounting system which provides transaction registers for various types of transactions. I suggest the parish utilize the accounting system in the manner it was designed to be used. Where integrated modules provide for an automated interface, the automation feature should be used instead of a general journal entry.

Management's Response

See management's corrective action plan.

**2007-6 Related Party Transaction Reporting System (Previously reported as 2006-M-1, 2005-M-1 and 2004-M-2)
MATERIAL WEAKNESS**

Condition

Currently, the Livingston Parish President/Council has no controls in place that would prevent a related party from conducting business with the Livingston Parish President/Council. There is no list of entities or businesses in which key persons, departmental managers, council persons or other related parties, have a financial interest. Consequently, it is possible that related party transactions and/or transactions prohibited

by the Louisiana Code of Ethics could occur and not be detected by the treasurer's office.

Recommendation

The Livingston Parish President/Council should develop and implement an ethics policy which would require all key employees (councilmen, president, key members of management, etc.) provide an annual declaration of any businesses or entities for which they or their family members have equity interest in. Then the finance department could develop a comprehensive list of all known related parties from which the President/Council office should refrain from conducting business with.

Current Year Status

No action taken by parish.

Management's Response

See management's corrective action plan.

**2007-7 Timely Issuance of Audited Financial Statements
NON COMPLIANCE**

Condition

Louisiana Revised Statute 24:517 requires that audited financial statements be issued within six months of the close of the fiscal year

Finding

The audited financial statements of the year ended December 31, 2007 were not issued timely as required by the above statute.

Recommendation

The Parish should issue its audited financial statements within six months of the close of the fiscal year for all future periods.

Management's Response

See management's corrective action plan.

**III. FINDINGS AND QUESTIONED COSTS –
MAJOR FEDERAL AWARD PROGRAMS AUDIT**

None.

**LIVINGSTON PARISH PRESIDENT AND COUNCIL
LIVINGSTON, LOUISIANA
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
YEAR ENDED DECEMBER 31, 2007**

FINDING NUMBER CAPTION	STATUS OF FINDING			COMMENTS
	RESOLVED	PARTLY RESOLVED	NOT RESOLVED	
2006-1, 2005-1, 2004-1 Capital Assets		✓		Reported as 2007-1
2003-2, 2005-3 Accounting System		✓		Reported as 2007-2



LIVINGSTON PARISH

Office of the President

An Equal Opportunity Employer

November 24, 2008

MIKE GRIMMER
Parish President

JOHN P. GABEL, III, CPA. N.P.
Director of Finance

WAYNE MARTIN
Director DPW

People of Livingston Parish

Please accept this as our responses to the 2007 audit. Without telling the story of where we came from and where we are going, it would be misleading to simply respond to the audit findings. A simple response may lead the reader to conclude that we were not making great progress in our financial records. The truth is that as we build an infrastructure for success, we have a few problem areas. It is the old story of draining the swamp and then having to contend with the displaced alligators.

Livingston is a success story. This is the story of what we have accomplished working as a team with the people of Livingston Parish. It is not just the story of the Parish President and Council working as a team, it could not have happened without the faith and willingness to change by the people of the parish. It is a story to be proud of, and it has rarely been equaled anywhere in the country. We are a parish that has no heavy industry, or large tourism base, and we are not on the Mississippi River. We have no ports or airports or train stations. Also, this governmental turn around was accomplished without an increase in taxes. However, we are on I-12 and we had excellent leadership for the people of this parish, and that was enough to overcome problems that could have bankrupted this parish.

In 2005, we had just completed the 5th straight year of decreases in the General Fund. While we had a two million dollar fund balance, most of that was in due from other governments. We were attempting to recover from Hurricanes Katrina and Rita, and we experienced an even greater population explosion due to these storms. Prior to Katrina Rita, Orleans and Jefferson Parish had about 25% of the states population. Now the largest city in the state is Baton Rouge, and there are more people along the I-12 corridor from Baton Rouge to Slidell than in Jefferson and Orleans combined.

In 2005, the parish was either paying bills or making payroll. We were stalling our creditors and buying time. We finished 2005 with fund deficits in the following funds.

Road Sales Tax Construction Fund	\$	322,386
Criminal Court Fund		119
Hazard Mitigation Fund		34,888
Water Improvement Fund		176,417
FY03 Sewer Fund		46,102

We began the 2006 budget process in October of 2005, deep in the grip of the most devastating hurricanes ever to hit the state of Louisiana. Our population increased by over

25% and the people of this parish responded with more love, generosity, and common sense than anyone expected.

Although our needs had expanded exponentially, our financial resources had not. The parish government had to ask the citizens of this parish to change our tax structure, to incur debt, to build a better parish for today and tomorrow.

We were forced to adopt a budget for 2006 that spent almost every dollar in the general fund. We adopted a budget that was over a million and half dollars (\$1,500,000) in the hole. We planned to deplete every rainy day fund. The hurricanes hit us hard, and we threw our financial resources at the damage they caused, to buy time to plan and maneuver out of a near hopeless situation. In strokes of financing brilliance, we succeeded beyond all expectations.

At the end of 2006, our General Fund fund balance increased by \$1,804,337. We had no fund deficits. Our Road Fund balance increased to \$4,214,782, and increase of over \$3.5 million dollars

This is story of how it happened. The 2006 amounts are based on audited financial statements. It is not voodoo accounting. This is what happened and how it happened.

The short story is that by reallocating the one cent sales tax to the road and jail funds, we saved the general fund from paying the jail expenses. This saved the general fund over a million dollars a year. We also increased the permit fees, and this generated over a million dollars a year.

We bonded our jail and road funds to build a new jail and accomplish a 10 year road program. The new jail provides for long term prison care, cost reductions, by eliminating fees for housing prisoners out of parish. We were able to build up our fund balances in the road funds. This saved over 3 million dollars.

We also improved our accounting functions, cut costs, increased sales and eliminated receivables from sales, and we did it with a 5 person finance department, including the finance director.

That is the short story. These are the details. These are the risks we took and the rewards we enjoyed.

Health Unit.

We needed a new health unit before the hurricanes, and after the storms, we needed it all the more. To conserve our funds, we spent the health unit fund balance to construct the new health unit. At the same time, we financed the construction over ten years. This allowed us to borrow money at a cheaper rate than we earned on our investments. Additionally, we were able to serve more people, and at the request of our Health Unit director, consolidate the planning and permit offices within the health unit. We also automated the Health Unit Permit Process with programs written by SIGNUS for us. This allowed a more comprehensive health and sewer inspection on all properties. It helped ensure a healthier, cleaner, DEQ compliant

parish. Additionally, it gave the parish the opportunity to compare the permits issued and the values stated to the additions to the Assessors roles, so that we could obtain the taxes actually due on the property in the parish.

Road and Jail Sales tax

Although we could not increase taxes, In January of 2006, we went to you, the people of the parish, and asked that you rededicate 1/4th of the 1 cent sales tax from roads to operate and constructing a new jail. You said yes, and we began the bonding process for both new roads and jail construction.

The new jail sales tax generates about \$2,900,000 dollars a year. Debt service on the jail is about \$1,700,000 a year. It costs about \$1,720,000 a year to operate the jail. This rededication saved the general fund about a million dollars a year. In 2009, we will be able to run the jail and pay the debt service with limited financing from the general fund.

Jail Construction

We sold the bonds and invested the proceeds in a guaranteed income contract (gic). We will earn \$ 663,444 in interest at the arbitrage rate and more then \$1,200,000 at the investment rate. On May 12, 2008, Kutach Rock Arbitrage Consultants opined that by completing the project according to the IRS rules and guidelines, Livingston Parish had an additional \$118,190 to spend on the jail project. The excess interest earned at the arbitrage rate was not due the federal government.

Through cooperation with the Town of Livingston, the jail ties into the Livingston sewer system, and this saved us about a million dollars in jail construction costs. These savings have been used to expand the jail, adding more beds and security.

Road Construction, Equipment, Revolving Purchases

In 2006 we sold 49,000,000 in bonds and invested the proceeds in a guaranteed investment contract, GIC. We earned \$1,801, 024 at the arbitrage rate and \$2,300,000 at the investment rate. On May 12, 2008, Kutach Rock Arbitrage Consultants opined that by completing the project according to the IRS rules and guidelines, Livingston Parish had an additional \$295,167 to spend on the road project. The excess interest earned at the arbitrage rate was not due the federal government.

We sold these Road bonds at a premium of 1.8 million dollars, and our issuance costs were only 1.4 million dollars. Without any increase in budgeted debt or debt service, we received nearly two million dollars more than anticipated.

This would not have happened without the skill and technical expertise of Jim Ryan and Crews and Associates, who crafted our bond offering. Additionally, our bond counsels, particularly Richard Leibowitz, guided us in the arbitrage requirements. Without his help, we would not have known the key disbursement dates, and certainly would not have saved over a million dollars in arbitrage earnings from these bond issues. Also, Regions bank and the Bank of New York Trust Department, Jim Shiroda and Kathy Pine respectively, walked us through the interest earnings and GIC reports. They taught us how to understand the reports and allowed us to make good management decisions to maximize our interest earnings and retention of these earnings.

We requested an opinion from our bond counsels on buying road and related drainage maintenance equipment with the interest earnings on this project. Our bond counsels gave

permission to buy the equipment. Accordingly, we have identified about a \$1,000,000 dollars in road related drainage equipment and a million dollars in heavy dump trucks, and other road maintenance equipment that we have purchased.

We updated our fleet of dump trucks. The real savings is in eliminating both down time because the equipment does not work and maintenance costs. We estimated that these purchases save a hundred thousand dollars a year in maintenance costs alone.

Permit System:

Prior to Katrina and Rita, Livingston parish was the fastest growing parish in the state. After these storms, the population exploded because of the reputation for good schools and the other advantages of Livingston Parish. To handle the increased needs for housing and infrastructure, the parish raised its permit fees. This generated an additional \$1,000,000 a year for the general fund.

Additionally, using SIGNUS as our consultants, we developed an on-line system for buying permits and accepted credit card payments. We stopped billing for permits and made all customers pay for permits when received. In early 2006, we had over \$600,000 in receivables. By the end of 2006, we had collected all permits receivables.

The council approved a new permit system in the 2007 budget and we have now transitioned to a sequel based system. Our old system was written in Lotus Notes 97 and almost completely collapsed in May of 2007. It simply could not handle the volume of permits that we issue. We trained the permit staff on the new system, it became fully functional in October of 2008. This will allow real time posting of permits bought on the web and at the office. It will also facilitate searches of our data base, and electronic communications with the assessor.

We will begin training our inspectors to use PC notebooks to compile the inspection reports and wirelessly transmit their reports to our virtual filing cabinet, Laserfiche. These notebooks use a combination of handwriting to text software and voice to text software. We expect to begin training in the first quarter of 2009. We have ordered the wireless cards for the notebooks. Laserfiche works as a repository for not only imaged documents, but also for all other document types. This imaging system offers OCR recognition and indexing of all imaged documents. We will file the permits under the permit numbers in Laserfiche. Image Teck distributes Laserfiche in Louisiana.

Administrative Fund

To more properly allocate the costs of administering parish funds, the parish developed an indirect cost plan to bill the costs of administering parish funds to the funds affected to the extent allowed by law. This will also save the general fund about \$300,000 per year.

Road Funds

The 2006 amended budget combined the sales tax road and ad-valorem road funds. The tax propositions were virtually identical, and there was no reason to separate these funds. By combining them, we eliminated a deficit from 2005 in the Sales Tax Road fund. This combination also eliminates unnecessary transfers between funds and reduces internal processing time.

Homeland Security

During 2006, we amended the general fund budget to reflect an additional \$1,089,000 in UASI (Urban Area Search Initiative) and SHSP (State Homeland Security Program) to purchase equipment in order for the parish to respond locally, regionally, and state wide to terrorist and all hazard response, including natural disasters. In 2007, we will receive about \$743,000 for these purposes. Additionally, we are applying for a grant for a new Homeland Security Office next to the Livingston Parish 911 center. Due to the increase in federal funds, we created an OEP fund for 2007. In 2008, the parish received an additional allotment for OEP expenses. We anticipate that this allotment will raise the annual amounts allocated to OEP offices.

Adjudicated Property:

The Parish owns slightly fewer than 500 parcels of property that have not been on the tax rolls for years. We updated the files and prepared public notices and ordinances to sell this property. In March, we restarted on adjudicated property. However, because of the publicity given to our adjudicated property efforts, our adjudicated property rolls reduced from 740 properties to 486 properties. We have sold hundreds of thousands of dollars in adjudicated property in 2007 and 2008.

We purchased the domain name, "adjudicatedproperty.com." When anyone searches for adjudicated property, our property comes up on the internet. We have a user friendly, state of the art, adjudicated property web site. Anyone with access to the internet can start the process of purchasing adjudicated property.

Economic Recovery

State Officials have noted the economic recovery of the parish. When we started with both the road and jail bonding programs, some state officials opposed our bonds because of our apparent financial weakness. At the September 2006 bond commission meeting, the state treasurer championed our Bruce's Harbor project as an exemplary project deserving of funding.

Livingston Parish leads the way in using Community Development Districts and Economic Development Districts to attract new and better businesses. The \$900 million dollar Juban Crossing development is an outstanding example of this pairing. The CDD allows the developer to build the infrastructure using tax exempt funding. The EDD allows the repayment of the infrastructure debt from sales taxes paid by the users of the new facilities. We anticipate Juban Crossing beginning development in 2009.

Accounting and Administrative Procedures

Governmental Accounting Software:

When I first took office I was surprised to find our books were with Quick Books. "Quick Books" is appropriate for small business, not governmental accounting. We could not manage the arbitrage requirements, nor had we been able to meet the reporting requirements. The system was not stable in a multi-user mode. It crashed and had systemic errors when it went out of balance. We could not manage grants within the accounting system, make direct

deposits, and the time clocks did not work. Our system of internal communications was severely limited.

With help from our bond counsels, we committed to replace an inadequate accounting system with MIP (Micro Informational Processing) that would enhance timely reporting and permit asset management within the accounting system.

In 2007 our staff spent 9 months converting from quick books to MIP accounting system. We hired SIGNUS as our software consultants and they did a magnificent job. MIP is the governmental accounting software used by about 20 parishes in Louisiana.

To meet reporting requirements, security, and ACHS direct payroll deposit, we are upgraded the accounting system. This upgrade will allow more timely accounting reports and better safeguard the assets of the parish. In 2007, we were able to implement "positive pay" files and direct payroll deposits. Additionally, we moved to a consolidated cash account and we updated collateral agreements to fully protect the cash and near cash assets of the parish. We used fund numbers, function codes, department codes, account codes and projects. The terminology was strange, but it complied with the OLA mandated chart of accounts for local governments. It established a consolidated cash account, so instead of many different checking accounts, we now have very few. We are building report templates, correcting coding errors, and inputting grant data.

Additionally, MIP has a GASB 34 governmental reporting template. Our audited financial statements are generated within the accounting system. When this module is fully implemented, it will permit much faster annual financial statement reporting. The accounting standards have changed, and the client (LPC) is required to prepare their own financial statements.

As more users came on line with electronic requisitions and time reporting, we exhausted the available licenses for our operating system. We bought the new licenses and have set up separate servers for Laser fiche, Microsoft Exchange, Terminal Services, and the Domain Controller server. We run the accounting and data processing systems across the fiber optic lines which our Department of Public Works laid. This allows easy access to management reports and the laser fiche (virtual file cabinet) system. We can allow the auditor to look at our imaging system from his office. He can run his own reports and verify the accounting system on-line. He will be able to perform a lot of his work from his own office.

Audit Findings

Managements responses to the 2007 audit.

2007-1 Fixed Assets Reporting.

The current fixed asset problem is the result of successful economic development and poor internal controls over fixed assets from these developments. In 2006, we were reduced to pencil and paper for tracking fixed assets. We installed a fixed assets system and successfully included our equipment, roads, buildings, etc. Our problems are not in tracking equipment or other movables; it is receiving donations of fixed assets from community development districts. The original donation occurs in one year, with a final transfer in another year. We now have bond councils reviewing and approving asset valuations when they involve donations from Community Development Districts.

This type of acquisition requires that we development procedures to properly account and value the donation. We will meet with the engineers and bond counsels to develop a clear and concise form to record these donations and the year in which the donation actually takes place.

Fixed assets reporting and tracking requires at least one person about 20 hours a week. We made substantial improvement from 2005 and 2007, but we still need to do a complete inventory of our fixed assets on a regular and reoccurring basis.

We agree that the reports were not designed as well as they could have been during 2007, and we have made substantial changes in 2008 to make them better. We will review the improved reports to meet all of managements needs. We use the MIP FAS to record fixed assets. This nationally recognized accounting system has the capability to generate any report needed.

We will design special reports for the auditor to meet his needs, and we have already given the auditor remote access to our system. He will be able to print his own reports.

2007 – 2 Material Weakness

SAS 112 requires significant study of the internal control systems and management is obliged to review all of its control systems. We actually prepare SAS 112 internal control reviews and determine our key controls. In this process, we discovered material weakness that we began to correct. However, these weaknesses had existed for years, and we could not correct them overnight.

We designed and implemented a new permit system. The design phase began in early 2007, but it was not implemented until 2008. In 2008, we greatly improved the controls over permits, but there are areas that need improvement, particularly in scanning the permit records to our virtual file cabinet, Laserfiche.

Occupational Licenses

We found that our occupational license system was basically an honor system for payments. The occupational licenses were not computed based upon the sales tax submissions to the LPSB. It appears to be an honor system. The Sheriff's office coordinates with the school board to submit occupational licenses to business registered to pay sales tax, but does not recompute the license based upon reported sales. We have worked with the sales tax collector, the Livingston Parish School Board, and the Livingston Parish Sheriff's office to calculate occupational licenses on reported sales. In 2008, the Sheriff added the sales tax number to the occupational license form. We have also hired an occupational license consultant to help us design an occupational license system that facilitates checks and balances. In 2008, the Livingston Parish School Board tax collector went to the State of Louisiana and was able to change the state system to require that everyone applying for a new sales tax number would have to have an occupational license.

We now require every contractor and person engaged in business to prove that they have a valid occupational license before they are given a permit or allowed to connect utilities.

We are matching our contractor lists to the occupational license list to ensure that all of our Electrical, HVAC, Plumbers and builders have a valid occupational license from a Louisiana parish.

In other parishes, where the sales tax collecting agency actually computes the occupational license based on prior year sales, occupational license revenues are multiplied 3 to 5 times. If this held true in this parish, we would generate an additional one million dollars for the general fund per year. Without a sales or ad-valorem tax base, we need a reoccurring revenue source for the general fund.

In any event, modernizing the Sales Tax Collection system within the parish does not appear to be an easy task. The school board controls the sales tax collections. Ideally, the parish sales tax collector should bill for occupational licenses based upon the sales tax report, and include the occupational license in its audit. The costs of operating systems and other administrative costs are billed to the respective participants. Of course, audit costs are paid by the client who failed to report correctly. Unfortunately, this type of plan may require legislation to force Sales Tax collectors to perform this service. Statewide, it would generate millions for the parishes at no cost to the sales tax collecting agency.

We will continue to work to improve our internal controls and become more effective and efficient. We have a 7 person staff when you include the receptionist and the cashier. Many parishes our size have 12 to 17 employees, but we do more with less because we use enhanced data processing systems, MIP, FAS, and Laserfiche, to reduce our staff size.

2007 – 3 Parish Transportation Act.

After discussing this finding with the parish attorney, we will discuss it with the council and let the council decide if they should ask for an Attorney General Opinion specifically addressing conditions in Livingston Parish. The Administration has respectively objected to weakening road standards in Livingston Parish as well as objecting to the Parish adding substandard gravel roads to the Parish road list. In any event the parish will comply with the law.

2007 - 4 Non compliance with the bid law, Jail Medicines.

The new jail will be complete in early 2009. In 2006, the parish was paying about \$850,000.00 a year to house prisoners in other parishes. In 2008, that amount leaped up to about \$1,200,000 a year. In 2008, state law forced us to take over the medical staff at the jail. The staffing for these positions is about \$500,000 a year. While we will have better control over the jail medical costs, these were unanticipated expenses. Due to the high costs of operating the jail and finishing the construction of the new jail, the jail fund had to borrow over \$2,000,000 from the General Fund.

Prison Population Sources:

In May of 2007, we housed about 200 prisoners a month in out of parish jails. They cost us about 1.5 to 1.7 million dollars a year, or \$135,000 to \$150,000 a month. We estimate that about 60 percent (240 of 408) of our prison populations are either probation violators or parole violators. These prisoners are actually one revocation hearing away from being a state prisoner. If a prisoner is brought to jail swiftly and is prosecuted he is the States burden. If he is not found guilty he is off our payroll. We estimate that these prisoners cost us well over a million a year.

98% of the prisoners at our jail are waiting on a trial. Some well over a year. We have attacked this problem on several fronts. **After we started working on these problems with our sheriff and the judges, by August of 2007, our out of parish prison population was less then 50 prisoners.** Unfortunately, the prisoner count exploded to two to three times that level. These costs depleted the general fund.

In 2008, the parish hired its first jail nurses and staffed the medical department at the jail. We became aware of problems concerning jail medicines. In 2007, all medicines were ordered by employees of the sheriff's office. We simply paid the bills. When we took over the medical department for the parish prison in 2008, we found that we had a problem with bidding jail medicines. We will begin the bidding process for jail medicines, but this problem will not be fully resolved until 2009.

2007 -5 General Journal Entries

We agree that all journal entries should be supported. However, many system interfaces produce internal journal entries. We will identify the system generated journal entries and implement detail support procedure in 2009.

2007 -6 Internal Controls regarding related parties.

In 2008, we sent a form to all persons receiving a paycheck from the Livingston Parish Council, asking that they disclose any potential related party situations. We will submit an ordinance amending our personnel policies making this form an annual requirement.

2007 -7 Audit: Untimely submission

We substantially completed the t report, MD&A, and all notes in late June of 2008. Unfortunately, this did not allow the auditor sufficient time to audit and issue a report. In addition to the aforementioned problems with the 2006 audit and changing to a new

accounting system, the finance director lost his son in Afghanistan on December 12, 2007, and it was several months before he could prepare the audit report. We were again delayed when Hurricanes Gustav and Ike wrecked havoc in our state. However, recognizing the significant difficulties in preparing the 2007 audit report, the Legislative Auditor granted us two extensions. The first was to September 2008 and the second to November 30, 2008.

Utilities

The Sewer District 6 problems were addressed by dissolving the Sewer District and forming the Livingston Parish Utility fund. We purchased a new utility accounting system in June and had our preliminary meeting to establish the customers on it July of 2007. We sent out correct bills in August of 2007. Our August bills amounted to about \$9,500 dollars. In 2006, our total collections were only \$10,000. However, we have an ongoing Utility evaluation program. We hired a Utility manager in 2007, and we are working on plans to make the Utility System profitable.

Adequate Facilities

We remodeled the second floor of the Health Unit and now use this space for administrative offices. The general fund is renting this space from the Health Unit at market rates. This provided adequate facilities for parish administration in early 2008. Under the 2007 conditions of the judges using the parish council meeting room as a courtroom, we did not have a secure administrative office. The flow of criminals, lawyers, judges, spectators, and others in and out of the parish office made that impossible.

2008

The 2008 revenues are less than 2007. Our Sales taxes are flat, and we are not selling permits at the 2006 level. We suffered an estimated 16 million dollars in damages from Hurricanes Gustav and Ike. Because we will not receive the federal share for these expenses, our 2008 annual report will show a 16 million dollar deficit in the OEP fund. We expect to receive the federal monies in the last half of 2009. Due to the Hurricanes destroying the Registrar of Voters Office, we are buying a new office building.

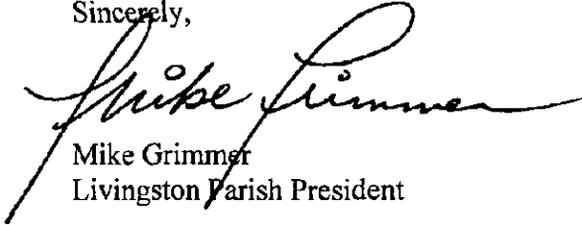
We also worked with Recreation District's 2 and 3 to issue new bonds for construction of facilities, \$4,455,000 and \$8,635,000 respectively. The council entered into agreements with both the Recreation Districts and authorized the parish to borrow \$4,455,000 and \$8,635,000 for the Recreation Districts. These amounts are found in funds 250, 255, 350 and 355. Due to the parish's excellent bond rating, the districts saved money on borrowing costs. This allowed more money to be spent on construction. However, the parish must budget and account for the funds according to the bond documents. There is no or very little cost to the parish in these expenses. The recreation districts are paying all debt service costs, and the bond issues are paying for the construction costs.

2009

We look forward to a good 2009. We are working to build a new DMV /Council office building and a buying a new Registrar of Voters office. Our major challenges will be to collect the full amount of occupational license tax due the parish and to turn the Utility System into a profit center for the parish.

I thank you for your support and involvement in resolving so many of the problems that Livingston Parish has been faced with. I request and hope that you will continue to work with administration in resolving more problems. Our doors are open to anyone who wants to come in and talk and share ideas. We need your help and are thankful for your support. Until next time, may God Bless.

Sincerely,

A handwritten signature in cursive script that reads "Mike Grimmer". The signature is written in black ink and is positioned above the printed name and title.

Mike Grimmer
Livingston Parish President