

**TOWN OF LIVONIA, LOUISIANA**  
**ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

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

8/8/07

TOWN OF LIVONIA  
POINTE COUPEE PARISH, LOUISIANA  
P. O. BOX 307  
LIVONIA, LA 70755  
(225) 637-2981

MAYOR

Troy Chustz

COUNCIL

James Bergeron, Jr. - Street Commissioner

Terry Jarreau - Grass Commissioner

Keith Davidson - Water/Collections Commissioner

Rhett Pourciau - Gas/Beautification Commissioner

Kurt Jarreau - Drainage Commissioner & Mayor Pro-tem

[Term of Mayor & Council is from January 1, 2005 to December 31, 2008]

LEGAL COUNSEL

Stephen Marionneaux

TOWN CLERK

Donna Bergeron, CMC

CHIEF OF POLICE

Brad Joffrion

MEETING DATE

2nd Monday of Every Month

6:30 PM - Town Hall

**TOWN OF LIVONIA, LOUISIANA  
FOR THE YEAR ENDED DECEMBER 31, 2006  
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# George F. Delaune

CERTIFIED PUBLIC ACCOUNTANT

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OFFICERS ASSOCIATION

## INDEPENDENT AUDITOR'S REPORT

The Honorable Troy Chustz, Mayor  
and Members of the Town Council  
Town of Livonia, Louisiana

I have audited the accompanying financial statements of the governmental activities and business-type activities of the TOWN OF LIVONIA, LOUISIANA, as of and for the year ended December 31, 2006, which collectively comprise the Town's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the Town of Livonia, Louisiana, management. My responsibility is to express an opinion on these 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, and the Louisiana Governmental Audit Guide. Those standards and the guide require that I plan and perform the audit to obtain reasonable assurance about whether the basic 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.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and the business-type activities of the Town of Livonia, Louisiana, as of December 31, 2006, and the respective changes in financial position and cash flows, where applicable, thereof for the year ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, I have also issued my report dated June 28, 2007, on my consideration of the Town of Livonia, Louisiana's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements 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 considered in assessing the results of my audit.

The Management's Discussion and Analysis on pages 3 through 9 and budgetary comparison information on page 31, are not a required part of the basic 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 required supplementary information. However, I did not audit the information and express no opinion on it.

*George F. Delaune, CPA*

June 28, 2007

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## REQUIRED SUPPLEMENTAL INFORMATION

### *Management's Discussion and Analysis*

This narrative report has been prepared in an easy-to-read format by management. It provides an analytical overview of the Town's financial activities for the year based on currently known facts and management's knowledge of the transactions, events, and conditions reflected in the financial report and the fiscal policies that control the Town's operations.

**TOWN OF LIVONIA**  
**Pointe Coupee Parish, Louisiana**  
**P. O. Box 307**  
**Livonia, Louisiana 70755**

**INTRODUCTION**

This annual report consists of -

- Our independent auditor's report on the financial statements in which he rendered an unqualified opinion.
- Management's discussion and analysis which provides in plain language an overview of our financial activities for the year.
- The basic financial statements which consists of government-wide financial statements, governmental fund financial statements, and the notes to those financial statements.
- The comparison of actual operations for the year compared to the budget.
- Our independent auditor's report on the Town's compliance with laws and regulations and how management applied internal controls over its financial operations. The results of his tests and observations did not indicate any violations that he considered to be in noncompliance or conditions that required to be disclosed that could affect our operations.

*Management's Discussion and Analysis*

As management of the Town of Livonia, Louisiana, we are pleased to provide an overview of our financial activities for the year ended December 31, 2006. The intended purpose of the Management Discussion and Analysis (MD&A) is to provide an introduction to the basic financial statements and notes, that provides an objective and easy to read analysis of our financial activities based on currently known facts, decisions, and conditions, by providing an easily readable summary of operating results and reasons for changes, which will help to determine if our financial position improved or deteriorated over the past year. This report addresses current operational activities the sources, uses, and changes in resources, adherence to budget, service levels, limitations significant economic factors, and the status of infrastructure and its effects on our debt and operation. When referring to prior years data in this analysis we will be drawing upon information from last years' audited financial report.

**Financial Highlights**

- The Town's net assets increased by \$304,464 from \$2,732,801 in 2005 to \$3,037,265 in 2006
- Governmental revenues increased from \$1,131,823 to \$1,271,262
- Utility revenues decreased from \$450,767 to \$416,062
- Cash increased by \$239,785 for the year ended December 31, 2006.

## Overview of the Basic Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements which are comprised of four components: (1) government-wide financial statements, (2) fund financial statements, (3) notes to the financial statements, and (4) other required supplementary information in addition to the basic financial statements themselves.

### Government-Wide Financial Statements

The Government-Wide Financial Statements, presented on pages 12 and 13, are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business.

The Statement of Net Assets presents information on all of the Town's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The Statement of Activities presents information showing how the Town's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The Town's Government-wide Financial Statements distinguish functions that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The Town's sole operation of fire protection is classified as governmental activities.

### 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 Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Town has only one fund which is categorized as a governmental fund.

Governmental Funds. Governmental funds, presented on pages 14 thru 18, are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term effect of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town adopts an annual appropriated budget. A budgetary comparison schedule has been provided for the Town's operations to demonstrate compliance with this budget.

### Notes to the Financial Statements

The notes, presented on pages 19 thru 28, provide additional narrative and tabular information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

### Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Town's budgetary control, on page 31. A tabulation of taxable property valuations is presented on page 31 as supplementary information to assist the reader in understanding the economic growth of the Town and the effect it has on operations and fire protection ratings.

### Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of the Town's financial position. At the end of the most recent year, the assets of the Town exceeded its liabilities by \$3,037,265.

The Town's total assets are composed of \$1,537,939 (47.63%) in cash and receivables and \$1,690,844 (52.37%) investment in capital assets (land, buildings, utility systems, vehicles and equipment, etc.). The Town uses these capital assets to provide various services to residents and businesses in the incorporated area, these assets are not available for future spending.

The Town has \$1,346,421 to be used in future operations and acquisition of new capital assets that will improve the operations of the Town.

#### Net Assets

|                               | 2006                | 2005                | % Change       |
|-------------------------------|---------------------|---------------------|----------------|
| Current and other assets      | \$ 1,537,939        | \$ 1,371,180        | 12.16%         |
| Capital assets                | 1,690,844           | 1,578,853           | 7.09%          |
| <b>Total assets</b>           | <b>3,228,783</b>    | <b>2,950,033</b>    | <b>9.45%</b>   |
| Current and other liabilities | 191,517             | 218,411             | -12.31%        |
| Noncurrent liabilities        | 0                   | 0                   |                |
| <b>Total liabilities</b>      | <b>191,517</b>      | <b>218,411</b>      | <b>-12.31%</b> |
| Net assets -                  |                     |                     |                |
| Invested in capital assets    | 1,690,844           | 1,578,853           | 7.09%          |
| Unrestricted                  | 1,346,421           | 1,152,769           | 16.80%         |
| <b>Total net assets</b>       | <b>\$ 3,037,265</b> | <b>\$ 2,731,622</b> | <b>11.19%</b>  |

The Town's total revenues increased by \$125,976 from \$1,486,573 in 2005 to \$1,612,549 in 2006.

The Town's corporate limits are dissected by U.S. Highway 190 (east to west) for 7 miles. Many businesses have located on this main artery and the Town is conscious of making this highway safe for its citizens and traffic using it.. For the year 2006, the Town issued 6,616 violations as compared to 5,904 for the previous year. Of this number, 5,825 citations were closed and generated \$522,671 in violations/fines. This was an increase from \$460,585 in 2005. Although the number of citations appear high, records reflect that the average speeding ticket issued was for 19.1 miles above the posted limit.

Total expenses increased by \$56,492 from \$1,251,593 in 2005 to \$1,308,085 in 2006.

### Changes in Net Assets

|                                    | <u>2006</u>       | <u>2005</u>       | <u>% Change</u> |
|------------------------------------|-------------------|-------------------|-----------------|
| <b>Revenues:</b>                   |                   |                   |                 |
| Taxes                              | \$ 333,761        | \$ 273,116        | 22.20%          |
| Intergovernmental revenues         | 164,176           | 179,571           | -8.57%          |
| Charges for services               | 1,028,532         | 998,518           | 3.01%           |
| Interest earned and other revenues | 87,259            | 35,368            | 146.72%         |
| <b>Total revenues</b>              | <u>1,613,728</u>  | <u>1,486,573</u>  | <b>8.55%</b>    |
| <b>Expenses:</b>                   |                   |                   |                 |
| Operating                          | 1,150,420         | 1,104,516         | 4.16%           |
| Depreciation                       | 157,665           | 147,077           | 7.20%           |
| <b>Total expenses</b>              | <u>1,308,085</u>  | <u>1,251,593</u>  | <b>4.51%</b>    |
| <b>Change in net assets</b>        | <u>\$ 305,643</u> | <u>\$ 234,980</u> | <b>30.07%</b>   |

### Governmental Fund Financial Analysis

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

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

As a measure of the Town's liquidity, it may be useful to compare fund balance to total expenditures. Fund balance represents 120.20% of total fund expenditures.

The fund balance of the Town increased by \$169,128 during the current year.

### Budgetary Highlights

The Town's annual budget is the legally adopted expenditure control document of the Town. A budgetary comparison statement is required and can be found on page 27. This statement compares the original adopted budget, the budget if amended throughout the year, and the actual expenditures prepared on a budgetary basis. The Town was amended twice during the year.

Actual revenues of \$800,221 exceeded budgeted revenues of \$769,621 by \$30,600 while actual expenditures of \$869,300 exceeded budgeted expenditures of \$868,871 by \$565.

### Capital Assets

At December 31, 2006 and 2005, the Town had \$1,690,843 and \$1,578,850, respectively, invested in a broad range of capital assets, including land, buildings, utility systems, vehicles, and equipment. Further detail on capital assets is presented in Note 5 on page 21.

|                              | Governmental Activities |                   | Business-type Activities |                     | Totals              |                     |
|------------------------------|-------------------------|-------------------|--------------------------|---------------------|---------------------|---------------------|
|                              | 2006                    | 2005              | 2006                     | 2005                | 2006                | 2005                |
| Land                         | \$ 56,537               | \$ 56,537         | \$ 3,000                 | \$ 3,000            | \$ 59,537           | \$ 59,537           |
| Buildings                    | 136,076                 | 128,470           | 16,529                   | 17,813              | 152,605             | 146,283             |
| Vehicles                     | 57,504                  | 37,718            | 15,366                   | 23,551              | 72,870              | 61,269              |
| Machinery and equipment      | 76,103                  | 85,279            | 9,399                    | 19,740              | 85,502              | 105,019             |
| Office furniture & equipment | 61,551                  | 39,904            | 3,310                    | 2,961               | 64,861              | 42,865              |
| Infrastructure               | 166,450                 | 157,801           |                          |                     | 166,450             | 157,801             |
| Utility property             |                         |                   | 1,089,018                | 1,006,076           | 1,089,018           | 1,006,076           |
| <b>Totals</b>                | <b>\$ 554,221</b>       | <b>\$ 505,709</b> | <b>\$ 1,136,622</b>      | <b>\$ 1,073,141</b> | <b>\$ 1,690,843</b> | <b>\$ 1,578,850</b> |

### Economic Factors and Next Year's Budgets and Rates

Revenues from ad valorem and sales taxes, licenses and permits, and shared revenues increased from 2005 to 2006 which indicates a continued steady economic growth for the area. However, the budget adopted for the year 2007 only shows a moderate increase to maintain the services provided to the citizens of the Town.

Various economic factors are affecting not only the revenues of the Town but also it's rising costs to provide services to any increasing residential and business community.

The governmental activities are impacted by the growth reflected in the following table of assessed property values within the Town limits since 1982.

Table of Assessed Property Values

| Year | Mills Levied | Assessed Value | Homestead Exemption | Tax to be Paid by Owner | Tax to be Paid by State | Total Tax |
|------|--------------|----------------|---------------------|-------------------------|-------------------------|-----------|
| 1982 | 4.49         | \$ 2,004,061   |                     | \$ 8,999                |                         | \$ 8,999  |
| 1983 | 4.49         | 2,338,304      |                     | 10,499                  |                         | 10,499    |
| 1984 | 6.30         | 2,396,106      |                     | 15,096                  |                         | 15,096    |
| 1985 | 6.30         | 2,473,048      |                     | 15,581                  |                         | 15,581    |
| 1986 | 6.61         | 2,399,553      |                     | 15,862                  |                         | 15,862    |
| 1987 | 6.61         | 2,482,612      |                     | 16,411                  |                         | 16,411    |
| 1988 | 7.10         | 2,332,805      |                     | 16,564                  |                         | 16,564    |
| 1989 | 7.10         | 2,378,054      |                     | 16,885                  |                         | 16,885    |
| 1990 | 7.10         | 2,340,176      |                     | 16,616                  |                         | 16,616    |
| 1991 | 7.10         | 2,366,302      |                     | 16,801                  |                         | 16,801    |
| 1992 | 7.13         | 2,448,986      |                     | 17,462                  |                         | 17,462    |
| 1993 | 7.13         | 2,645,502      |                     | 18,863                  |                         | 18,863    |
| 1994 | 7.13         | 2,814,662      |                     | 20,069                  |                         | 20,069    |
| 1995 | 7.13         | 2,704,954      |                     | 19,287                  |                         | 19,287    |
| 1996 | 6.63         | 3,000,808      |                     | 19,896                  |                         | 19,896    |
| 1997 | 6.63         | 3,236,743      |                     | 21,460                  |                         | 21,460    |
| 1998 | 6.63         | 3,517,646      |                     | 23,323                  |                         | 23,323    |
| 1999 | 6.63         | 3,745,354      |                     | 24,832                  |                         | 24,832    |
| 2000 | 5.52         | 4,707,332      |                     | 25,984                  |                         | 25,984    |
| 2001 | 5.52         | 4,591,717      |                     | 25,346                  |                         | 25,346    |
| 2002 | 5.52         | 4,721,635      |                     | 26,063                  |                         | 26,063    |
| 2003 | 5.52         | 4,899,905      |                     | 27,047                  |                         | 27,047    |
| 2004 | 5.27         | 5,284,300      |                     | 27,849                  |                         | 27,849    |
| 2005 | 5.27         | 5,561,275      |                     | 29,309                  |                         | 29,309    |
| 2006 | 5.27         | 5,872,997      |                     | 30,952                  |                         | 30,952    |

The business-type activities shows a negative return of 16.05% on operating revenues, a significant decrease over the past two years. The Town will monitor rates to ensure enough working capital to make improvements to the utilities systems and replace equipment and at same time make it affordable for it's citizens to live in this community as reflected by the tabulation of utility sales and rates.

**Tabulation of Utility Sales and Rates**

|  | <u>Gas System</u> |             | <u>Water System</u> |             |
|--|-------------------|-------------|---------------------|-------------|
|  | <u>2006</u>       | <u>2005</u> | <u>2006</u>         | <u>2005</u> |
| Sales                                    | \$ 213,907        | \$ 234,062  | \$ 182,810          | \$ 186,770  |
| MCF Gas Sold                             | 14,590            | 15,590      |                     |             |
| Total number of customers billed         | 4,568             | 4,551       | 9,360               | 9,116       |
| Avg number of customers billed per mo    | 381               | 379         | 780                 | 760         |
| Average annual revenue per customer      | \$ 561.93         | \$ 617.17   | \$ 234.37           | \$ 245.86   |
| Average monthly revenue per customer     | \$ 46.83          | \$ 51.43    | \$ 19.53            | \$ 20.49    |
| Average MCF gas billed per customer      | 3.19              | 3.43        |                     |             |
| Average revenue per MCF of gas billed    | \$ 14.66          | \$ 15.01    |                     |             |
| Number of customers at beginning of year | 382               | 376         | 765                 | 757         |
| Number of customers at end of year       | 382               | 382         | 787                 | 765         |

|   | <u>2006</u>      |                   | <u>2005</u>      |                  |
|---|------------------|-------------------|------------------|------------------|
|   | <u>Amount</u>    | <u>MCF</u>        | <u>Amount</u>    | <u>MCF</u>       |
| Gas Sales                                   | \$ 213,907       | 14,590            | \$ 234,062       | 15,590           |
| Gas Purchases                               | 159,104          | 16,468            | 169,326          | 16,535           |
| Gross Profit on Sales                       | <u>\$ 54,803</u> |                   | <u>\$ 64,736</u> |                  |
| MCF Gas Unaccounted For - Sales (Purchases) |                  | <u>(1,878)</u>    |                  | <u>(945)</u>     |
| Percent Unaccounted For - Gas Gain (Loss)   |                  | <u>-11.40393%</u> |                  | <u>-5.71515%</u> |

**Contacting the Town's Financial Management**

This financial report is designed to provide our citizens , taxpayers, customers, and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Donna Bergeron, Town Clerk at 3111 La Hwy 78, Livonia, LA (225) 637-2981, fax (225) 637-3189.

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## **BASIC FINANCIAL STATEMENTS**

The basic financial statements include integrated sets of financial statements as required by the GASB. The sets of statements include:

- Government-wide financial statements
- Fund financial statements
  - Governmental funds
  - Proprietary (enterprise) fund

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.

TOWN OF LIVONIA, LOUISIANA  
STATEMENT OF NET ASSETS  
DECEMBER 31, 2006

| ASSETS  | Governmental<br>Activities | Business-type<br>Activities | Total               |
|---|----------------------------|-----------------------------|---------------------|
| <b>Current Assets:</b>                            |                            |                             |                     |
| Cash  | \$ 1,177,009               | \$ 112,781                  | \$ 1,289,790        |
| Accounts receivable (net)                         | 36,477                     | 67,719                      | 104,196             |
| Receivable from other governments                 | 22,143                     |                             | 22,143              |
| Due from other funds                              | 106,019                    |                             | 106,019             |
| Restricted assets                                 |                            | 15,791                      | 15,791              |
| <b>Total current assets</b>                       | <b>1,341,648</b>           | <b>196,291</b>              | <b>1,537,939</b>    |
| <b>Noncurrent Assets:</b>                         |                            |                             |                     |
| Capital assets (net)                              | 554,221                    | 1,136,623                   | 1,690,844           |
| <b>Total noncurrent assets</b>                    | <b>554,221</b>             | <b>1,136,623</b>            | <b>1,690,844</b>    |
| <b>Total Assets</b>                               | <b>1,895,869</b>           | <b>1,332,914</b>            | <b>3,228,783</b>    |
|   |                            |                             |                     |
| <b>LIABILITIES</b>                                |                            |                             |                     |
| <b>Current Liabilities:</b>                       |                            |                             |                     |
| Accounts payable                                  | 16,816                     | 36,240                      | 53,056              |
| Due to other governments                          |                            | 11,082                      | 11,082              |
| Due to other funds                                |                            | 106,019                     | 106,019             |
| Consumer deposits, payable from restricted assets |                            | 21,360                      | 21,360              |
| <b>Total current liabilities</b>                  | <b>16,816</b>              | <b>174,701</b>              | <b>191,517</b>      |
| <b>Total Liabilities</b>                          | <b>16,816</b>              | <b>174,701</b>              | <b>191,517</b>      |
|   |                            |                             |                     |
| <b>NET ASSETS</b>                                 |                            |                             |                     |
| Invested in capital assets                        | 554,221                    | 1,136,623                   | 1,690,844           |
| Unrestricted - undesignated                       | 1,324,832                  | 21,589                      | 1,346,421           |
| <b>Total Net Assets</b>                           | <b>\$ 1,879,053</b>        | <b>\$ 1,158,212</b>         | <b>\$ 3,037,265</b> |

See accompanying notes to the basic financial statements.

**TOWN OF LIVONIA, LOUISIANA**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2006**

| Functions/Programs                          | Expenses            | Program Revenues        |  |                                      | Net<br>(Expense)/<br>Revenue |
|---|---------------------|-------------------------|--|--------------------------------------|------------------------------|
|   |                     | Charges for<br>Services | Operating<br>Grants &<br>Contributions | Capital<br>Grants &<br>Contributions |                              |
| <b>Governmental activities:</b>             |                     |                         |  |                                      |                              |
| General government                          | \$ 111,655          | \$ 54,864               | \$ 23,400                              | \$ 33,327                            | \$ (64)                      |
| Police                                      | 530,407             | 532,926                 |  |                                      | 2,519                        |
| Streets and drainage                        | 172,964             | 24,680                  |  |                                      | (148,284)                    |
| Health and welfare                          | 10,196              |                         |  |                                      | (10,196)                     |
| <b>Total governmental activities</b>        | <b>825,222</b>      | <b>612,470</b>          | <b>23,400</b>                          | <b>33,327</b>                        | <b>(156,025)</b>             |
| <b>Business-type activities:</b>            |                     |                         |  |                                      |                              |
| General and administrative                  | 176,456             | 19,345                  |  |                                      | (157,111)                    |
| Natural gas                                 | 183,897             | 213,907                 |  |                                      | 30,010                       |
| Water                                       | 122,510             | 182,810                 |  |                                      | 60,300                       |
| <b>Total business-type activities</b>       | <b>482,863</b>      | <b>416,062</b>          | <b>0</b>                               | <b>0</b>                             | <b>(66,801)</b>              |
| <b>Total</b>                                | <b>\$ 1,308,085</b> | <b>\$ 1,028,532</b>     | <b>\$ 23,400</b>                       | <b>\$ 33,327</b>                     | <b>\$ (222,826)</b>          |
| <b>Change in Net Assets:</b>                |                     |                         |  |                                      |                              |
|   |                     |                         | <b>Governmental<br/>Activities</b>     | <b>Business-type<br/>Activities</b>  | <b>Total</b>                 |
| Net (expense)/revenue                       |                     |                         | \$ (156,025)                           | \$ (66,801)                          | \$ (222,826)                 |
| <b>General revenues:</b>                    |                     |                         |  |                                      |                              |
| <b>Taxes:</b>                               |                     |                         |  |                                      |                              |
| Property taxes, net                         |                     |                         | 31,053                                 |                                      | 31,053                       |
| Sales and use taxes                         |                     |                         | 228,581                                |                                      | 228,581                      |
| Franchise taxes                             |                     |                         | 74,127                                 |                                      | 74,127                       |
| Intergovernmental                           |                     |                         | 107,449                                |                                      | 107,449                      |
| Investment income                           |                     |                         | 49,513                                 | 4,270                                | 53,783                       |
| Miscellaneous                               |                     |                         | 17,396                                 | 16,080                               | 33,476                       |
| Transfers in - internal activity            |                     |                         | 95,125                                 | 134,456                              | 229,581                      |
| Transfers out - internal activity           |                     |                         | (229,581)                              |                                      | (229,581)                    |
| <b>Total general revenues and transfers</b> |                     |                         | <b>373,663</b>                         | <b>154,806</b>                       | <b>528,469</b>               |
| <b>Change in net assets</b>                 |                     |                         | <b>217,638</b>                         | <b>88,005</b>                        | <b>305,643</b>               |
| Net assets - beginning                      |                     |                         | 1,661,415                              | 1,070,207                            | 2,731,622                    |
| <b>Net Assets - Ending</b>                  |                     |                         | <b>\$ 1,879,053</b>                    | <b>\$ 1,158,212</b>                  | <b>\$ 3,037,265</b>          |

See accompanying notes to the basic financial statements.

**TOWN OF LIVONIA, LOUISIANA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2006**

|  | General<br>Fund   | Sales<br>Tax      | Special<br>Fund   | Municipal<br>Complex | Total<br>Governmental<br>Funds |
|--|-------------------|-------------------|-------------------|----------------------|--------------------------------|
| <b>ASSETS</b>                              |                   |                   |                   |                      |                                |
| Cash                                       | \$ 128,994        | \$ 786,062        | \$ 105,204        | \$ 156,749           | \$ 1,177,009                   |
| Receivables -                              |                   |                   |                   |                      |                                |
| Ad valorem taxes                           | 19,673            |                   |                   |                      | 19,673                         |
| Franchise taxes                            | 16,804            |                   |                   |                      | 16,804                         |
| Due from state agencies -                  |                   |                   |                   |                      |                                |
| Beer taxes                                 | 1,339             |                   |                   |                      | 1,339                          |
| Sales taxes                                |                   | 1,334             |                   |                      | 1,334                          |
| Video poker                                |                   |                   | 19,470            |                      | 19,470                         |
| Due from public utility fund               | 4,797             | 101,222           |                   |                      | 106,019                        |
| <b>Total Assets</b>                        | <b>171,607</b>    | <b>888,618</b>    | <b>124,674</b>    | <b>156,749</b>       | <b>1,341,648</b>               |
| <b>LIABILITIES</b>                         |                   |                   |                   |                      |                                |
| Accounts payable                           | 16,816            |                   |                   |                      | 16,816                         |
| <b>Total Liabilities</b>                   | <b>16,816</b>     | <b>0</b>          | <b>0</b>          | <b>0</b>             | <b>16,816</b>                  |
| <b>FUND BALANCES</b>                       |                   |                   |                   |                      |                                |
| Unreserved, reported in:                   |                   |                   |                   |                      |                                |
| General fund                               | 154,791           |                   |                   |                      | 154,791                        |
| Special revenue funds                      |                   | 888,618           | 124,674           | 156,749              | 1,170,041                      |
| <b>Total Fund Balances</b>                 | <b>154,791</b>    | <b>888,618</b>    | <b>124,674</b>    | <b>156,749</b>       | <b>1,324,832</b>               |
| <b>Total Liabilities and Fund Balances</b> | <b>\$ 171,607</b> | <b>\$ 888,618</b> | <b>\$ 124,674</b> | <b>\$ 156,749</b>    |                                |

Amounts reported for governmental activities in  
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, net of  
accumulated depreciation of \$412,636

554,221

Net Assets of Governmental Activities

\$ 1,879,053

See accompanying notes to the basic financial statements.

**TOWN OF LIVONIA, LOUISIANA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED DECEMBER 31, 2006**

|                                    | General<br>Fund   | Sales<br>Tax      | Special<br>Fund   | Municipal<br>Complex | Total<br>Governmental<br>Funds |
|------------------------------------|-------------------|-------------------|-------------------|----------------------|--------------------------------|
| <b>REVENUES</b>                    |                   |                   |                   |                      |                                |
| Taxes                              | \$ 105,179        | \$ 228,581        |                   |                      | \$ 333,760                     |
| Intergovernmental                  | 60,826            |                   | 103,351           |                      | 164,177                        |
| Charges for services               | 25,399            |                   |                   |                      | 25,399                         |
| Fines and forfeitures              | 532,411           |                   |                   |                      | 532,411                        |
| Licenses and permits               | 54,660            |                   |                   |                      | 54,660                         |
| Investment income                  | 5,529             | 31,843            | 6,887             | 5,254                | 49,513                         |
| Miscellaneous                      | 16,217            |                   |                   |                      | 16,217                         |
| Transfer from other funds          | 45,125            |                   |                   | 50,000               | 95,125                         |
| <b>Total Revenues</b>              | <b>845,346</b>    | <b>260,424</b>    | <b>110,238</b>    | <b>55,254</b>        | <b>1,271,262</b>               |
| <b>EXPENDITURES</b>                |                   |                   |                   |                      |                                |
| <b>Current:</b>                    |                   |                   |                   |                      |                                |
| General government                 | 103,957           | 3,253             |                   |                      | 107,210                        |
| Police                             | 490,349           |                   |                   |                      | 490,349                        |
| Streets and drainage               | 151,446           |                   |                   |                      | 151,446                        |
| Health and welfare                 | 9,743             |                   |                   |                      | 9,743                          |
| <b>Capital outlays:</b>            |                   |                   |                   |                      |                                |
| General government                 | 864               |                   |                   |                      | 864                            |
| Police                             | 93,118            |                   |                   |                      | 93,118                         |
| Streets and drainage               | 19,823            |                   |                   |                      | 19,823                         |
| Health and welfare                 |                   |                   |                   |                      | 0                              |
| Transfers out to other funds       |                   | 129,581           | 100,000           |                      | 229,581                        |
| <b>Total Expenditures</b>          | <b>869,300</b>    | <b>132,834</b>    | <b>100,000</b>    | <b>0</b>             | <b>1,102,134</b>               |
| <b>Net Change in Fund Balances</b> | <b>(23,954)</b>   | <b>127,590</b>    | <b>10,238</b>     | <b>55,254</b>        | <b>169,128</b>                 |
| <b>Fund Balances - Beginning</b>   | <b>178,745</b>    | <b>761,028</b>    | <b>114,436</b>    | <b>101,495</b>       |                                |
| <b>Fund Balances - Ending</b>      | <b>\$ 154,791</b> | <b>\$ 888,618</b> | <b>\$ 124,674</b> | <b>\$ 156,749</b>    |                                |

Reconciliation of the change in fund balances – total governmental funds to the change in net assets of governmental activities:

Net change in fund balances – total governmental funds

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

|                                     |          |
|-------------------------------------|----------|
| Capital asset purchases capitalized | 113,805  |
| Gain on disposal of capital assets  | 1,179    |
| Depreciation expense                | (66,474) |

Change in Net Assets of Governmental Activities

\$ 217,638

See accompanying notes to the basic financial statements.

TOWN OF LIVONIA, LOUISIANA  
STATEMENT OF NET ASSETS  
PROPRIETARY FUND  
DECEMBER 31, 2006

|   | <u>Public Utility<br/>Enterprise<br/>Fund</u> |
|---|---|
| <b>ASSETS</b>   |   |
| <b>Current Assets:</b>  |   |
| Cash  | \$ 112,781                                    |
| Restricted assets - consumer meter deposits                     | 15,791  |
| Receivables - utility customers                                 | <u>67,719</u>                                 |
| <b>Total Current Assets</b>                                     | <u>196,291</u>                                |
| <b>Noncurrent Assets:</b>                                       |   |
| Capital assets (net)  | <u>1,136,623</u>                              |
| <b>Total Noncurrent Assets</b>                                  | <u>1,136,623</u>                              |
| <b>Total Assets</b>   | <u>1,332,914</u>                              |
| <b>LIABILITIES</b>  |   |
| <b>Current Liabilities:</b>                                     |   |
| Accounts payable  | 36,240  |
| Due to other government agencies                                | 11,082  |
| Due to other funds -  |   |
| General fund  | 4,797   |
| Sales tax fund  | <u>101,222</u>                                |
| <b>Total Current Liabilities</b>                                | <u>153,341</u>                                |
| <b>Current Liabilities Payable from Restricted Assets:</b>      |   |
| Customer deposits payable                                       | <u>21,360</u>                                 |
| <b>Total Current Liabilities Payable from Restricted Assets</b> | <u>21,360</u>                                 |
| <b>Total Liabilities</b>  | <u>174,701</u>                                |
| <b>NET ASSETS</b>   |   |
| Invested in capital assets, net of related debt                 | 1,136,623                                     |
| Unrestricted  | <u>21,589</u>                                 |
| <b>Total Net Assets</b>   | <u>\$ 1,158,212</u>                           |

See accompanying notes to the basic financial statements.

**TOWN OF LIVONIA, LOUISIANA**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS**  
**PROPRIETARY FUND**  
**YEAR ENDED DECEMBER 31, 2006**

|   | <u>Public Utilities<br/>Enterprise<br/>Fund</u> |
|---|---|
| <b>Operating Revenues</b>                   |   |
| <b>Charges for services -</b>               |   |
| Gas charges                                 | \$ 213,907                                      |
| Water charges                               | 182,810   |
| Penalties                                   | 4,635   |
| Utility billing fee                         | 9,790   |
| Miscellaneous                               | 4,920   |
| <b>Total changes for services</b>           | <u>416,062</u>                                  |
| <b>Total Operating Revenues</b>             | <u>416,062</u>                                  |
| <b>Operating Expenses</b>                   |   |
| General and administrative                  | 176,456   |
| Natural gas expenses                        | 183,897   |
| Water expenses                              | 122,510   |
| <b>Total Operating Expenses</b>             | <u>482,863</u>                                  |
| <b>Net Operating Loss</b>                   | <u>(66,801)</u>                                 |
| <b>Nonoperating Revenue</b>                 |   |
| Interest earned                             | 4,270   |
| Gain on sale of fixed assets                | 4,662   |
| Miscellaneous                               | 11,418  |
| <b>Total Nonoperating Revenue</b>           | <u>20,350</u>                                   |
| <b>Net Loss before Operating Transfers</b>  | (46,451)  |
| <b>Other Financing Sources</b>              |   |
| Operating transfers in                      | 134,456   |
| <b>Net Income after Operating Transfers</b> | <u>88,005</u>                                   |
| <b>Net Assets - Beginning</b>               | <u>1,070,207</u>                                |
| <b>Net Assets - Ending</b>                  | <u>\$ 1,158,212</u>                             |

See accompanying notes to the basic financial statements.

TOWN OF LIVONIA, LOUISIANA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
YEAR ENDED DECEMBER 31, 2006

|   | <u>Public Utilities<br/>Enterprise<br/>Fund</u> |
|---|---|
| <b>Cash Flows from Operating Activities</b>   |   |
| Receipts from customers   | \$ 444,690                                      |
| Payments to suppliers   | (275,957)                                       |
| Payments to employees and benefits  | (124,459)                                       |
| Net Cash (Used) by Operating Activities   | <u>44,274</u>                                   |
| <b>Cash Flows from Non-Operating Activities</b>   |   |
| Increase in consumer meter deposits   | 7,008   |
| Increase in amount due General fund   | 1,515   |
| Increase in amount due on Pointe Coupee Parish Solid Waste Program                                  | 847   |
| Operating transfers from other funds  | 134,456   |
| Net Cash Provided by Non-Operating Activities   | <u>143,826</u>                                  |
| <b>Cash Flows from Capital and Related Financing Activities</b>                                     |   |
| Proceeds from sale of fixed assets  | 5,101   |
| Miscellaneous donations   | 11,419  |
| Repayment of loan to Sales Tax Fund   | (30,000)  |
| Purchase of capital assets  | (155,110)                                       |
| Net Cash Provided by Capital and Related Financing Activities                                       | <u>(168,590)</u>                                |
| <b>Cash Flows from Investing Activities</b>   |   |
| Interest earned   | 4,270   |
| Net Cash Provided by Investing Activities   | <u>4,270</u>                                    |
| <b>Net (Decrease) in Cash and Cash Equivalents</b>  | <u>23,780</u>                                   |
| <b>Balances - Beginning of Year</b>   | <u>89,001</u>                                   |
| <b>Balances - End of Year</b>   | <u>\$ 112,781</u>                               |
| <br>  |   |
| <b>Reconciliation of Net Operating Loss to Net Cash<br/>Provided (Used) by Operating Activities</b> |   |
| Net operating loss  | \$ (66,801)                                     |
| Adjustments to reconcile net operating loss to net cash<br>provided (used) by operating activities: |   |
| Cash flows reported in other categories:  |   |
| Depreciation expense  | 91,190  |
| Change in assets and liabilities:   |   |
| Receivables   | 28,629  |
| Accounts payable  | (8,744)   |
| <b>Net Cash Provided by Operating Activities</b>  | <u>\$ 44,274</u>                                |

See accompanying notes to the basic financial statements.

**TOWN OF LIVONIA, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 1. - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Financial Reporting Entity**

The Town of Livonia, Louisiana (the "Town") was incorporated in 1959, under the provisions of Title 33, Chapter 2, Part 1, of the Louisiana Revised Statutes (Lawrason Act - Act No. 36 of 1898). The Town operates under a Mayor-Board of Aldermen Council form of government and, as permitted under the Act, provides police protection; streets and drainage maintenance; public improvements; gas, water, and solid waste collection services; and general administration. The Mayor and five Council Members are elected at large to serve four year terms from January 1, 2005 to December 31, 2008. The Mayor is entitled to a per diem of \$700 per month and each Council Member \$300 for each regular meeting attended and \$25 for each special meeting. The Town of Livonia is located in Pointe Coupee Parish with a geographic area of approximately six square miles. The estimated population is 1,433. The Town employees 14 full-time employees. The Town serves 382 gas customers and 787 water customers, and maintains 20 miles of streets.

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

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

- Appointing a voting majority of an organization's governing body, and
  - The ability of the municipality to impose its will on that organization and/or
  - The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the municipality.
- Organizations for which the municipality does not appoint a voting majority but are fiscally dependent on the municipality.
- 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.

As required by generally accepted accounting principles, since the Town has no component units, these financial statements present the primary government of the Town of Livonia.

**Other Organizations**

The municipality may appoint some, or all, governing board members of organizations that are not included as component units in the primary government's reporting entity. These organizations are classified as [a] related organizations, [b] joint ventures and jointly governed organizations, and [c] component units of another government with characteristics of a joint venture or jointly governed organization.

Considered in the determination of component units of the reporting entity were the Pointe Coupee Parish Police Jury, Sheriff, Clerk of Court, Assessor, and School Board and the District Attorney and Judges for the 18th Judicial District. It was determined that these governmental entities are not component units of the Town of Livonia reporting entity because they have separately elected governing bodies, are legally separate, and are fiscally independent of the Town of Livonia.

TOWN OF LIVONIA, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Also, excluded from the reporting entity:

Fire Protection District No. 4 of the Parish of Pointe Coupee, Louisiana

This potential component unit has a separate board appointed jointly by the area governments' governing bodies. It provides services to residents, within the geographic boundaries of the government and other areas adjacent to it. This unit is excluded from the reporting entity because the government does not have the ability to exercise influence or control over its daily operations, approve budgets or provide funding.

**Basis of Presentation**

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

**Measurement Focus and Basis of Accounting**

Fund Accounting

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

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

Funds of the Town are classified into two categories: governmental and proprietary. In turn, each category is divided into separate fund types. The fund classifications and a description of each existing fund type follow:

**Governmental Funds**

Governmental funds are used to account for all or most of the Town's general activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long-term debt. Governmental funds include:

**General Fund** -- the general operating fund of the Town and accounts for all financial resources, except those required to be accounted for in other funds.

**Special Revenue Funds** -- account for the proceeds of specific revenue sources that are legally restricted to expenditures or for which the Council has designated for specified purposes.

**Proprietary Funds**

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

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

TOWN OF LIVONIA, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus -- modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements for these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting is used by all governmental funds. Under the modified accrual basis of accounting,

Revenues:

Revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Consequently, the Town recognizes revenues as follows:

- Ad valorem taxes and related state revenue sharing are recorded in the year the taxes are due and payable. Ad valorem taxes are assessed on a calendar year basis and attach as an enforceable lien and become due and payable on the date the tax rolls are filed with the recorder of mortgages. Louisiana Revised Statute 47:1993 requires that the tax roll be filed on or before November 15 of each year. Ad valorem taxes become delinquent if not paid by December 31. The taxes are normally collected in December of the current year and January and February of the ensuing year.
- Sales and use tax revenues are recorded in the month they are received by the centralized parish sales tax collector.
- Federal and state grants and reimbursements are recorded when the Town is entitled to the funds. Where grant revenue is dependent upon expenditures by the Town, revenue is recognized when the related expenditures are incurred.
- Fines, forfeitures, and court costs are recorded in the year they are received by the Town or parish tax collector.
- Fees, charges and commissions are recognized as revenue in the month in which they are earned and billed.
- Substantially all other revenues are recorded when received by the Town.

Expenditures:

Expenditures are recognized under the modified accrual basis of accounting when the related fund liability is incurred.

Other Financing Sources (Uses):

Transfers between funds that are not expected to be repaid (and any other financing source/use) are accounted for as other financing sources (uses). Transfers are recorded when the funds are actually transferred.

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

Encumbrances

The Town does not follow the encumbrance method of accounting.

TOWN OF LIVONIA, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Budgets

The Town has complied with the Louisiana Local Government Budget Law, Title 39:1301-1315:

- Budgets are prepared for the General Fund, Special Revenue Funds, and Enterprise Fund on the GAAP Basis and appropriations (unexpended budget balances) lapse at year end.
- Since the total anticipated expenditures of the governmental funds exceed \$500,000, the Town published notices, held public hearings, and followed the time table as required by regulations.
- Budgetary control is exercised at the line item level.
- During the year, monthly budgetary comparison statements are used as a management tool to control operations. When necessary, the Board adopts budget amendments which are included in minutes published in the official journal.

Cash, Cash Equivalents, and Investments

Cash includes amounts in demand deposits, interest-bearing demand deposits, and money market accounts. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the Town may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

State statutes authorize the Town of Livonia, Louisiana to 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.

These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are stated at market value.

Accounts Receivable and Bad Debts

The Town uses the direct charge-off method whereby uncollectible amounts due from ad valorem taxes are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable. The direct charge-off method is used because it does not cause a material departure from GAAP and it approximates the valuation method.

Short-Term Interfund Receivables/Payables

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

Inventories

Inventories for supplies are immaterial and are recorded as expenditures when purchased.

Capital Assets

Under GASB Statement No. 34, all capital assets, whether owned by governmental activities or business-type activities, are recorded and depreciated in the government-wide financial statements. No long-term capital assets or depreciation are shown in the governmental funds financial statements.

**TOWN OF LIVONIA, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

Capital assets, including public domain infrastructure (e.g., roads, bridges, sidewalks and other assets that are immovable and of value only to the Town) are defined as assets with an initial, individual cost of more than \$500 and an estimated useful life greater than one year. Capital assets are recorded at cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major improvements are capitalized and depreciated over the remaining useful lives of the related capital assets.

Major outlays for capital assets and improvements are capitalized as the projects are constructed. Interest incurred during the construction phase of projects is reflected in the capitalized value of the asset constructed for proprietary funds. As of December 31, 2006, no interest has been capitalized on projects.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

|                                |               |
|--------------------------------|---------------|
| Buildings                      | 20 - 40 Years |
| Natural Gas System             | 20 Years      |
| Water System                   | 5 - 50 Years  |
| Tractors and Equipment         | 5 - 10 Years  |
| Furniture and Office Equipment | 3 - 10 Years  |
| Vehicles                       | 5 - 6 Years   |

Capital assets transferred between funds are transferred at their net book value (cost less accumulated depreciation), as of the date of the transfer.

**Compensated Absences**

Accumulated unpaid vacation and sick leave is accrued when incurred in proprietary funds. The amount of accumulated vacation and sick leave recorded in the governmental funds is that amount, adjusted to current salary costs, which is expected to be liquidated with expendable available financial resources. Only the current portion is reflected in the funds. The remainder of the liability is reported in the General Long-Term Debt Account Group. The guidelines of GASB Codification Section C60 were applied in determining the liability for both governmental and proprietary funds.

**Fund Equity**

**Reserves**

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

**Designated Fund Balances**

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

**Unreserved-Undesignated Fund Balances**

The unreserved-undesignated fund balances for governmental funds represent the amount available for budgeting future operations.

**Sales and Use Tax**

The Town has a one per cent sales and use tax approved by the voters, for an indefinite period. The tax, after all necessary costs for collection and administration, is available for general purposes.

**TOWN OF LIVONIA, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**NOTE 3 - LEVIED TAXES**

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.

The Sheriff of Pointe Coupee Parish, as provided by State Law, is the official tax collector of property taxes levied by the Town. All taxes are due by December 31 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.

The following is a summary of authorized and levied ad valorem taxes for the year 2006:

| Fund         | Authorized<br>Millage | Levied<br>Millage | Expiration<br>Date |
|--------------|-----------------------|-------------------|--------------------|
| General Fund | 7.00                  | 5.27              | Indefinite         |

The difference between authorized and levied millages is the result of reassessments of taxable property in the parish as required by Article 7, Section 18 of the Louisiana Constitution of 1974.

**NOTE 4 - CASH and CASH EQUIVALENTS**

The following is a summary of cash and cash equivalents at December 31, 2006:

|                                  |                     |
|----------------------------------|---------------------|
| Petty cash                       | \$ 200              |
| Interest-bearing demand deposits | 191,826             |
| LAMP                             | 1,113,556           |
| Total                            | <u>\$ 1,305,582</u> |

These deposits are stated at cost, which approximates market. Under state statutes, 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 pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At December 31, 2006, the Town has \$225,638 in deposits (collected bank balances). These deposits are secured from risk by \$100,000 of federal deposit insurance and \$125,638 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

**TOWN OF LIVONIA, LOUISIANA**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement No. 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified that the fiscal agent has failed to pay deposited funds upon demand.

Investments held at December 31, 2006 consist of \$1,113,556 in the Louisiana Asset Management Pool (LAMP), a local government investment pool. In accordance with GASB Codification Section 150.126, the investment in LAMP at December 31, 2006 is not categorized in the three risk categories provided by GASB Codification Section 150.125 because the investment is in the pool of funds and therefore not evidenced by securities that exist in physical or book entry form.

**NOTE 5 - CAPITAL ASSETS**

Capital asset activities for the year ended December 31, 2006:

**Governmental Activities**

|  | 1-1-2006          | Increases        | Decreases       | 12-31-2006        |
|--|-------------------|------------------|-----------------|-------------------|
| <b>Non-depreciable assets:</b>                           |                   |                  |                 |                   |
| Land   | \$ 56,537         |                  |                 | \$ 56,537         |
| <b>Depreciable assets:</b>                               |                   |                  |                 |                   |
| Buildings  | 216,565           | 15,184           |                 | 231,749           |
| Vehicles and equipment                                   | 140,488           | 43,896           | (23,288)        | 161,076           |
| Tractors and equipment                                   | 142,888           | 4,193            | (1,580)         | 145,501           |
| Furniture and equipment                                  | 149,819           | 34,902           | (2,012)         | 182,709           |
| Infrastructure   | 173,655           | 15,630           |                 | 189,285           |
| <b>Total other capital assets at historical cost</b>     | <b>823,395</b>    | <b>113,805</b>   | <b>(26,880)</b> | <b>910,320</b>    |
| <b>Less: Accumulated depreciation for -</b>              |                   |                  |                 |                   |
| Buildings  | (88,095)          | (7,578)          |                 | (95,673)          |
| Vehicles and equipment                                   | (102,750)         | (24,110)         | 23,288          | (103,572)         |
| Tractors and equipment                                   | (57,609)          | (13,369)         | 1,580           | (69,398)          |
| Furniture and equipment                                  | (109,915)         | (14,436)         | 3,193           | (121,158)         |
| Infrastructure   | (15,854)          | (6,981)          |                 | (22,835)          |
| <b>Total accumulated depreciation</b>                    | <b>(374,223)</b>  | <b>(66,474)</b>  | <b>28,061</b>   | <b>(412,636)</b>  |
| <b>Total governmental activities capital assets, net</b> | <b>\$ 505,709</b> | <b>\$ 47,331</b> | <b>\$ 1,181</b> | <b>\$ 554,221</b> |

**Business-Type Activities**

|   | 1-1-2006            | Increases        | Decreases       | 12-31-2006          |
|---|---------------------|------------------|-----------------|---------------------|
| <b>Non-depreciable assets:</b>                            |                     |                  |                 |                     |
| Land  | \$ 3,000            |                  |                 | \$ 3,000            |
| <b>Depreciable assets:</b>                                |                     |                  |                 |                     |
| Buildings   | 35,729              |                  |                 | 35,729              |
| Natural gas system  | 161,531             |                  |                 | 161,531             |
| Water system  | 1,419,302           | 154,246          |                 | 1,573,548           |
| Machinery and equipment                                   | 101,537             |                  | (12,830)        | 88,707              |
| Office furniture and equipment                            | 9,431               | 864              | (1,146)         | 9,149               |
| Vehicles  | 63,351              |                  |                 | 63,351              |
| <b>Total other capital assets at historical cost</b>      | <b>1,790,881</b>    | <b>155,110</b>   | <b>(13,976)</b> | <b>1,932,015</b>    |
| <b>Less: Accumulated depreciation for -</b>               |                     |                  |                 |                     |
| Buildings   | (17,916)            | (1,284)          |                 | (19,200)            |
| Natural gas system  | (114,769)           | (3,966)          |                 | (118,735)           |
| Water system  | (459,988)           | (67,338)         |                 | (527,326)           |
| Machinery and equipment                                   | (81,797)            | (9,903)          | 12,392          | (79,308)            |
| Office furniture and equipment                            | (8,470)             | (515)            | 1,146           | (5,839)             |
| Vehicles  | (39,800)            | (8,185)          |                 | (47,985)            |
| <b>Total accumulated depreciation</b>                     | <b>(720,740)</b>    | <b>(91,191)</b>  | <b>13,538</b>   | <b>(798,393)</b>    |
| <b>Total business-type activities capital assets, net</b> | <b>\$ 1,073,141</b> | <b>\$ 63,919</b> | <b>\$ (438)</b> | <b>\$ 1,136,622</b> |

TOWN OF LIVONIA, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**NOTE 6 - NATURAL GAS SERVICE AGREEMENT**

On July 10, 1997, the Town entered into a fixed-price contract with the Louisiana Municipal Gas Purchasing Authority, effective January 1, 1999 for a period of ten months at a total delivered price. Subsequent contracts will be for a twelve month period beginning November 1<sup>st</sup>. The price will be passed upon a 12-month average NYMEX strip price plus supplier margin, transportation, and fees.

**NOTE 7 - UTILITY SERVICE AGREEMENT**

An agreement between the Solid Waste Disposal System of the Parish of Pointe Coupee and the Town of Livonia provides for the billing of customers on the Town's system. This billing agreement went into effect for the month of October 1985. Under the terms of the agreement, the Town retains a \$ .75 per customer as a billing fee. The amount owed to the Solid Waste Disposal System as of December 31, 2006 is \$11,082.

**NOTE 8 - 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 Town entered into an agreement on May 20, 1992 with all of the sales and use taxing authorities of the Parish of Pointe Coupee designating the Sales Tax Department of the Pointe Coupee Parish Police Jury as the single tax collection entity. The agreement is effective as of July 1, 1992, the agreement authorizes the Town to compensate the collection agency 1.25% of the gross amounts collected.

**NOTE 9 - CENTRALIZED COLLECTION AGENCY AGREEMENT**

The Town has granted three franchises:

Cable Television

A non-exclusive cable television franchise was granted to Green's Incorporated on October 13, 1981 for a period of 15 years. The agreement was extended on February 14, 1995 for an additional 15 year period. The annual franchise fee for this franchise shall be \$500 or 3% of the annual gross subscriber revenues (whichever is greater).

Telephone

On April 9, 1999, the Town adopted Ordinance Number 103 granting a non-exclusive telephone franchise to Star Telephone Company, Inc. for a period of ten years, beginning, effective January 1, 1997, and ending on December 31, 2007. The franchise fee is 3% of the Company's gross receipts payable quarterly.

Electric

On October 1, 1972, the Town renewed a franchise to Gulf States Utilities Company to supply electric energy to the Town and the inhabitants thereof for a period of 60 years. In consideration, the Town shall receive a fee of 4.5% fo the gross receipts from sales of electricity within the corporate limits of the Town from October 1, 1972 to September 30, 1982. Then from November 1, 1982 to September 30, 2032 a fee of 5%.

On January 21, 2002, the Town granted a franchise to Pointe Coupee Electric Membership Corporation to supply electric energy within the Town limits and the inhabitants thereof for a period of 10 years. In consideration, the Town shall receive a fee of 5.0% of the gross receipts from sales of electricity within the corporate limits of the Town.

TOWN OF LIVONIA, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**NOTE 10 - INTERFUND TRANSFERS**

Transfers between funds for the year ended December 31, 2006, were as follows:

|   |    |         |
|---|----|---------|
| General Fund from Sales Tax Fund                              | \$ | 45,125  |
| Municipal Complex Construction Fund from Special Account Fund |    | 50,000  |
| Public Utilities from Sales Tax Fund                          |    | 84,456  |
| Public Utilities from Special Account Fund                    |    | 50,000  |
|   | \$ | 229,581 |

**NOTE 11 - PENSION PLAN AND RETIREMENT COMMITMENTS**

Social Security System -

All employees of the Town, except policemen covered under the Municipal Police Employees Retirement System, are members of the Federal Social Security System, administered by the State of Louisiana. The total payroll for employees of the Town covered by the System for the year 2006 was \$230,396.30.

The total contribution to the System is 12.4% of taxable payroll of which the Town and employees contribute 6.2% each. For the year 2006, the Town contributed \$14,284.57 to the System.

Medicare System -

All employees of the Town, except policemen covered under the Municipal Police Employees Retirement System and elected officials before 1986, are members of the Federal Medicare System. The total payroll for employees of the Town covered by the System for the year 2006 was \$443,176.72.

The total contribution to the system is 2.9% of taxable payroll of which the Town and employees contribute 1.45% each. For the year 2006, the Town contributed \$6,426.07 to the System.

Municipal Police Employees' Retirement System of Louisiana -

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

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

**Funding Policy:** Plan members are required by state statute to contribute 7.5% of their annual covered salary and the Town of Livonia is required to contribute at an actuarially determined rate. The rate was 16.25% of annual covered payroll from 1-1-2006 to 6-30-2006 and 15.50% from 7-1-2006 to 12-31-2006. The contribution requirements of plan members and the Town of Livonia are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town of Livonia contributions to the System for the years ending December 31, 2006, 2005, 2004, and 2003, were \$35,520, \$36,334, \$33,930, and \$19,895, respectively, equal to the required contributions for each year.

**TOWN OF LIVONIA, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**NOTE 12 - ON-BEHALF PAYMENTS**

The Town's police chief and five police officers received \$23,400 in police supplemental pay from the State of Louisiana, Department of Public Safety and Corrections. The Town recognizes this supplemental pay received by the employees as revenues and expenditures of the Town. The revenues are reported in the General Fund and the expenditures are included in Police Department expenditures.

**NOTE 13 - CONTINGENT LIABILITIES**

There is no pending litigation against the Town.

**NOTE 14 - RISK MANAGEMENT**

The Town is exposed to various risks of loss relating to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town attempts to minimize risk from significant losses through the purchase of commercial insurance.

**NOTE 15 - 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 mayor and board members is as follows:

|                 |                          |                  |
|-----------------|--------------------------|------------------|
| Mayor           | - Troy J. Chustz         | \$ 8,400         |
| Council Members | - James R. Bergeron, Jr. | 3,650            |
|                 | - Joseph K. Davidson     | 3,650            |
|                 | - John T. Jarreau        | 3,650            |
|                 | - Kurt J. Jarreau        | 3,650            |
|                 | - James Rhett Pourciau   | 3,625            |
|                 |                          | <u>\$ 26,400</u> |

## **REQUIRED SUPPLEMENTARY INFORMATION**

The following Budgetary Comparison Schedule - General Fund is required by GASB 34. The schedule presents the original adopted budget and final budget for the fiscal year and compares the final budget to actual operations of the Town.

State Law requires the Town to amend it's budget when projected actual revenues and surplus is 5% below the adopted budget or when projected actual expenditures exceed 5% of the adopted budget. For the year ended December 31, 2006, actual revenues were 103.75% and actual expenditures were 100.04% of the final adopted budget.

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TOWN OF LIVONIA, LOUISIANA  
 REQUIRED SUPPLEMENTARY INFORMATION  
 BUDGETARY COMPARISON SCHEDULE  
 GENERAL FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2006

|                                    | <u>Budgeted Amounts</u> |                   |                   | Variance<br>with<br>Original<br>Budget<br>Positive<br>(Negative) |
|------------------------------------|-------------------------|-------------------|-------------------|--|
|                                    | <u>Original</u>         | <u>Amended</u>    | <u>Actual</u>     |  |
| <b>REVENUES</b>                    |                         |                   |                   |  |
| Taxes                              | \$ 89,200               | \$ 107,625        | \$ 105,179        | \$ (2,446)   |
| Intergovernmental                  | 81,576                  | 35,475            | 60,826            | 25,351   |
| Charges for services               | 25,472                  | 25,095            | 25,399            | 304  |
| Fines and forfeitures              | 455,150                 | 521,977           | 532,411           | 10,434   |
| Licenses and permits               | 63,600                  | 58,090            | 54,660            | (3,430)  |
| Investment income                  | 4,000                   | 5,500             | 5,529             | 29   |
| Miscellaneous                      | 220                     | 15,859            | 16,217            | 358  |
| Transfer from other funds          | 18,250                  | 45,125            | 45,125            | 0  |
| <b>Total Revenues</b>              | <u>737,468</u>          | <u>814,746</u>    | <u>845,346</u>    | <u>30,600</u>  |
| <b>EXPENDITURES</b>                |                         |                   |                   |  |
| <b>Current:</b>                    |                         |                   |                   |  |
| General government                 | 110,510                 | 106,169           | 103,957           | 2,212  |
| Police                             | 448,116                 | 485,100           | 490,349           | (5,249)  |
| Streets and drainage               | 131,080                 | 172,487           | 151,446           | 21,041   |
| Health and welfare                 | 750                     | 2,538             | 9,743             | (7,205)  |
| <b>Capital outlays:</b>            |                         |                   |                   |  |
| General government                 | 1,400                   | 1,000             | 864               |  |
| Police                             | 30,400                  | 91,879            | 93,118            | (1,239)  |
| Streets and drainage               | 73,000                  | 9,698             | 19,823            | (10,125)   |
| Health and welfare                 |                         |                   |                   | 0  |
| <b>Total Expenditures</b>          | <u>795,256</u>          | <u>868,871</u>    | <u>869,300</u>    | <u>(565)</u>   |
| <b>Net Change in Fund Balances</b> | (57,788)                | (54,125)          | (23,954)          | 30,171   |
| <b>Fund Balances - Beginning</b>   | 142,680                 | 178,745           | 178,745           | 0  |
| <b>Fund Balances - Ending</b>      | <u>\$ 84,892</u>        | <u>\$ 124,620</u> | <u>\$ 154,791</u> | <u>\$ 30,171</u>   |

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**OTHER REPORT REQUIRED BY  
GOVERNMENT AUDITING STANDARDS**

**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**

A report on compliance laws and regulations and on internal controls over financial reporting 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.

# George F. Delaune

CERTIFIED PUBLIC ACCOUNTANT

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GOVERNMENT FINANCE  
OFFICERS ASSOCIATION

## **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**

The Honorable Troy Chustz  
and Members of the Town Council  
Town of Livonia, Louisiana

I have audited the financial statements of the governmental activities and business-type activities of the TOWN OF LIVONIA, LOUISIANA, as of and for the year ended December 31, 2006, which collectively comprise the Town of Livonia, Louisiana's basic financial statements and have issued my report thereon dated June 28, 2007. 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, and the Louisiana Governmental Audit Guide.

### **Internal Control Over Financial Reporting**

In planning and performing my audit, I considered Town of Livonia, Louisiana's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the basic financial statements and; but not for the purpose of expressing my opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Town's internal control over financial reporting.

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 Town of Livonia, Louisiana'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 Town of Livonia, Louisiana's financial statements that is more than inconsequential will not be prevented or detected by the Town of Livonia, Louisiana'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 Town of Livonia, Louisiana'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 or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

## Compliance

As part of obtaining reasonable assurance about whether the Town of Livonia, Louisiana's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, 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 no instance of noncompliance or other matters that is required to be reported under Government Auditing Standards and the provisions of the Louisiana Governmental Audit Guide.

This report is intended solely for the information of management, the Town Council, the Legislative Auditor for the State of Louisiana, and federal awarding agencies and pass-through entities 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.

*George F. Delaune, CPA*

June 28, 2007

**TOWN OF LIVONIA, LOUISIANA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2006**

**Section A - Summary of Auditor's Reports**

- The auditor's report expresses an unqualified opinion on the financial statements of the Town of Livonia.
- No reportable conditions were disclosed during the audit of the financial statements.
- No instances of noncompliance were disclosed during the audit of the financial statements.
- The Town of Livonia was determined to be a low-risk auditee.

**Section B - Findings – Financial Statements Audit**

None

**TOWN OF LIVONIA, LOUISIANA  
RESOLUTION OF PRIOR YEAR OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2006**

There were no prior year audit findings or questioned costs.