

TOWN OF LIVONIA, LOUISIANA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2003

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

MAYOR
Ronald Scallan

COUNCIL

Ronald Barlow - Street Commissioner
James Bergeron, Jr. - Grass Commissioner
Kevin Bergeron - Water/Collections Commissioner
Troy Chustz - Gas/Beautification Commissioner
Kurt Jarreau - Drainage Commissioner

[Term of Mayor & Council is from January 1, 2001 to December 31, 2004]

LEGAL COUNSEL
Stephen Marionneaux

TOWN CLERK
Donna Bergeron

CHIEF OF POLICE
Brad Joffrion

MEETING DATE

2nd Monday of Every Month
7:00 PM - Town Hall

TABLE OF CONTENTS

	<u>Note</u>	<u>Page</u>
Independent Auditor's Report		1
General Purpose Financial Statements (Combined Statements Overview)		
Combined Balance Sheet - All Fund Types and Account Groups		3
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - All Governmental Fund Types		5
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual [GAAP Basis] - General and Special Revenue Fund Types		6
Statement of Revenues, Expenses, and Changes in Retained Earnings - Budget and Actual [GAAP Basis] - Proprietary Fund Type - Enterprise Fund		7
Statement of Cash Flows - Proprietary Fund Type - Enterprise Fund		8
Notes to the Financial Statements -		
Introduction	1	9
Summary of Significant Accounting Policies -	2	9
Basis of Presentation		9
Reporting Entity		9
Other Organizations		10
Fund Accounting		10
Basis of Accounting		11
Budget Practices		12
Encumbrances		12
Cash and Cash Equivalents		12
Receivable and Bad Debts		13
Short-Term Interfund Receivables/Payables		13
Inventories		13
General Fixed Assets		13
Property, Plant and Equipment - Proprietary Fund		13
Compensated Absences		14
Fund Equity		14
Interfund Transactions		14
Comparative Data		14
Total Columns on Combined Statements		15
Cash		15
Investments		15
Changes in Fixed Assets		16
Ad Valorem Taxes		16

TABLE OF CONTENTS

	<u>Note</u>	<u>Page</u>
Sales Tax Dedication	7	17
Natural Gas Service Agreement	8	17
Utility Service Agreement	9	17
Centralized Collection Agency Agreement	10	17
Franchise Agreements	11	18
Interfund Transfers	12	18
Pension Plan and Retirement Commitments	13	19
On-Behalf Payments	14	20
Contingent Liabilities	15	20
Estimates	16	20
Risk Management	17	20
Compensation Paid to Board Members	18	20
Federal Financial Assistance	19	20
GASB 33 and GASB 34 Implementation	20	21
 Supplemental Information		 22
 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		 33
 Schedule of Findings		 35
 Resolution of Prior Year Audit Findings		 36

George F. Delaune

CERTIFIED PUBLIC ACCOUNTANT
(A Professional Corporation)

Practice Limited to Governmental Accounting, Auditing and Financial Reporting

Phone
OFFICE (225) 937-9735
FAX (225) 638-3669
E-mail gfdcpa@yahoo.com

Office
7663 ANCHOR DRIVE
VENTRESS, LA 70783-4120

Member
AMERICAN INSTITUTE OF CPAs
LOUISIANA SOCIETY OF CPAs
GOVERNMENT FINANCE
OFFICERS ASSOCIATION

INDEPENDENT AUDITOR'S REPORT

The Honorable Ronald Scallan, Mayor
and Members of the Town Council
Town of Livonia, Louisiana

I have audited the accompanying general purpose financial statements of the TOWN OF LIVONIA, LOUISIANA, as of and for the year ended December 31, 2003, as listed in the Table of Contents. These general purpose financial statements are the responsibility of the Town of Livonia, Louisiana's management. My responsibility is to express an opinion on these general purposes 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 with provisions of Louisiana Revised Statute 24:513 and the provisions of the *Louisiana Governmental Audit Guide*, published jointly by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor. Those standards and the Guide require that I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the general purpose financial statements referred above present fairly, in all material respects, the financial position of the Town of Livonia, Louisiana, as of December 31, 2003, and the results of its operations and the cash flows of its proprietary fund type for the year then 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 February 6, 2003, 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 grants. That report is an integral part of an audit performed in accordance

with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of my audit.

My audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying financial information listed as Supplemental Information in the table of contents is presented for purposes of additional analysis and is not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in my opinion, is fairly stated in all material respects, in relation to the general purpose financial statements taken as a whole.

George F. Delaune, CPA

February 6, 2004

TOWN OF LIVONIA, LOUISIANA
 COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
 DECEMBER 31, 2003

	Governmental Fund Types		Proprietary Fund Type	Account Group	Totals (Memorandum Only)
	General	Special Revenue	Enterprise	General Fixed Assets	
	General	Special Revenue	Enterprise	General Fixed Assets	
ASSETS					
Cash and investments	\$ 200,382	\$ 454,394	\$ 51,906		\$ 706,682
Receivables -					
Taxes - ad valorem	27,047				27,047
Taxes - franchise	13,365				13,365
Utility billings			65,854		65,854
Due from other governmental units -					
Louisiana - video poker		13,601			13,601
Louisiana - public safety		1,670			1,670
Due from Public Utilities	4,375	191,222			195,597
Restricted assets -					
Consumer meter deposits			19,012		19,012
Property, plant and equipment -					
At cost			1,702,970	\$ 651,731	2,354,701
Accumulated depreciation			(551,119)		(551,119)
TOTAL ASSETS	\$ 245,169	\$ 660,887	\$ 1,288,623	\$ 651,731	\$ 2,846,410

The accompanying notes are an integral part of these statements.

	Governmental Fund Types		Proprietary	Account	Totals (Memorandum Only)
	General	Special Revenue	Fund Type	Group	
			Enterprise	General Fixed Assets	
LIABILITIES AND FUND EQUITY					
Liabilities:					
Accounts payable	\$ 10,069		\$ 29,855		\$ 39,924
Due to other governmental units - P.C. Parish - Solid Waste System			9,998		9,998
Due to other funds - General fund			4,375		4,375
Sales tax fund			191,222		191,222
Payable from restricted assets - Consumer deposits			\$ 16,613		16,613
Total Liabilities	10,069	0	252,063		262,132
Fund Equity:					
Contributed capital, net of amortization			852,504		852,504
Investment in general fixed assets				\$ 651,731	651,731
Retained earnings - Unreserved			184,056		184,056
Fund balances - Unreserved - undesignated	235,100	660,887			895,987
Total Fund Equity	235,100	660,887	1,036,560	651,731	2,584,278
TOTAL LIABILITIES AND FUND EQUITY	\$ 245,169	\$ 660,887	\$ 1,288,623	\$ 651,731	\$ 2,846,410

The accompanying notes are an integral part of these statements.

TOWN OF LIVONIA, LOUISIANA
 COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES
 ALL GOVERNMENTAL FUND TYPES
 FOR THE YEAR ENDED DECEMBER 31, 2003

	General	Special Revenue	Totals (Memorandum Only)
Revenues			
Taxes	\$ 85,345	\$ 155,125	\$ 240,470
Licenses and permits	56,080		56,080
Intergovernmental revenue	93,207	77,284	170,491
Charges for services	20,541		20,541
Fines and forfeitures	466,558		466,558
Miscellaneous revenues	31,318	5,386	36,704
Total Revenues	<u>753,049</u>	<u>237,795</u>	<u>990,844</u>
Expenditures			
Current -			
General government	104,207	1,056	105,263
Public safety	355,055		355,055
Streets and drainage	157,053		157,053
Health and welfare	790		790
Capital outlays -			0
General government	45,150	54,465	99,615
Public safety	29,498		29,498
Streets and drainage	174,122		174,122
Total Expenditures	<u>865,875</u>	<u>55,521</u>	<u>921,396</u>
Excess Revenues (Expenditures)	(112,826)	182,274	69,448
Other Financing Sources (Uses)			
Operating transfers in	127,610		127,610
Operating transfers out		(195,838)	(195,838)
Excess Revenues and Other Sources (Expenditures and Other Uses)	14,784	(13,564)	1,220
Fund Balance - January 1	<u>220,316</u>	<u>674,451</u>	<u>894,767</u>
FUND BALANCE - DECEMBER 31	<u>\$ 235,100</u>	<u>\$ 660,887</u>	<u>\$ 895,987</u>

The accompanying notes are an integral part of this statement.

TOWN OF LIVONIA, LOUISIANA
 COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL (GAAP BASIS) - GENERAL AND SPECIAL REVENUE FUND TYPES
 FOR THE YEAR ENDED DECEMBER 31, 2003

	General Fund			Special Revenue Funds		
	Budget	Actual	Variance Favorable (unfavorable)	Budget	Actual	Variance Favorable (unfavorable)
Revenues						
Taxes	\$ 84,330	\$ 85,345	\$ 1,015	\$ 155,000	\$ 155,125	\$ 125
Licenses and permits	56,600	56,080	(520)			0
Intergovernmental revenue	94,894	93,207	(1,687)	76,500	77,284	784
Fines and forfeitures	435,118	466,558	31,440			0
Miscellaneous revenues	53,256	51,859	(1,397)	6,551	5,386	(1,165)
Total Revenues	<u>724,198</u>	<u>753,049</u>	<u>28,851</u>	<u>238,051</u>	<u>237,795</u>	<u>(256)</u>
Expenditures						
Current -						
General government	105,217	104,997	220	2,550	1,056	1,494
Public safety	355,371	355,055	316			0
Streets and drainage	159,752	157,053	2,699			0
Capital outlays -						
General government	45,151	45,150	1	54,465	54,465	0
Public safety	29,804	29,498	306			0
Streets and drainage	177,134	174,122	3,012			0
Total Expenditures	<u>872,429</u>	<u>865,875</u>	<u>6,554</u>	<u>57,015</u>	<u>55,521</u>	<u>1,494</u>
Excess Revenues (Expenditures)	(148,231)	(112,826)	35,405	181,036	182,274	1,238
Other Financing Sources (Uses)						
Operating transfers in	127,610	127,610	0			
Operating transfers out				(187,725)	(195,838)	(8,113)
Excess Revenues and Other Sources (Expenditures and Other Uses)	(20,621)	14,784	35,405	(6,689)	(13,564)	(6,875)
Fund Balance - January 1	220,316	220,316	0	674,451	674,451	0
FUND BALANCE - DECEMBER 31	<u>\$ 199,695</u>	<u>\$ 235,100</u>	<u>\$ 35,405</u>	<u>\$ 667,762</u>	<u>\$ 660,887</u>	<u>\$ (6,875)</u>

The accompanying notes are an integral part of this statement.

TOWN OF LIVONIA, LOUISIANA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS
BUDGET AND ACTUAL (GAAP BASIS) - PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2003
(With Comparative Actual for Year Ended December 31, 2002)

	Enterprise			
	2003		2002	
	Budget	Actual	Variance Favorable (unfavorable)	Actual
Operating Revenues				
Charges for services -				
Natural gas sales	\$ 153,500	\$ 170,776	\$ 17,276	\$ 160,595
Water sales	160,000	161,641	1,641	136,531
Penalty charges	4,000	4,024	24	3,920
Billing and collection fees	10,700	10,347	(353)	10,617
Miscellaneous revenues	3,975	4,324	349	3,680
Total Operating Revenues	<u>332,175</u>	<u>351,112</u>	<u>18,937</u>	<u>315,343</u>
Operating Expenses				
Natural gas expenses	127,900	136,487	(8,587)	112,491
Water expenses	50,726	94,528	(43,802)	118,691
General and administrative	179,929	148,882	31,047	143,180
Total Operating Expenses	<u>358,555</u>	<u>379,897</u>	<u>(21,342)</u>	<u>374,362</u>
Operating Income (Loss)	<u>(26,380)</u>	<u>(28,785)</u>	<u>(2,405)</u>	<u>(59,019)</u>
Non-Operating Revenues				
Interest earned	570	641	71	1,057
Sale of fixed assets			0	1,410
Miscellaneous revenues	1,208	1,330	122	2,969
Intergovernmental grants	59,561	56,706	2,855	15,000
Total Non-Operating Revenues	<u>61,339</u>	<u>58,677</u>	<u>(2,662)</u>	<u>20,436</u>
Net Income (Loss) before Transfers	34,959	29,892	643	(38,583)
Other Financing Sources				
Operating transfers in	124,580	122,693	(1,887)	32,000
Net Income	159,539	152,585	(6,954)	(6,583)
Less contributed capital	(139,580)	(137,693)	1,887	(47,000)
Increase in Retained Earnings	19,959	14,892	(5,067)	(53,583)
Retained Earnings - January 1	184,056	184,056	0	237,639
RETAINED EARNINGS - DECEMBER 31	<u>\$ 204,015</u>	<u>\$ 198,948</u>	<u>\$ (5,067)</u>	<u>\$ 184,056</u>

The accompanying notes are an integral part of this statement.

TOWN OF LIVONIA, LOUISIANA
STATEMENT OF CASH FLOWS - PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2003
(With Comparative Actual for Year Ended December 31, 2002)

	Enterprise	
	2003	2002
Cash Flows from Operating Activities		
Operating income (loss)	\$ (28,785)	\$ (59,019)
Adjustments to reconcile operating income to net cash provided by operating activities -		
Depreciation	76,288	63,588
Other non-operating revenues	1,330	4,379
Changes in assets and liabilities -		
Decrease (increase) in receivables	(15,511)	(995)
Decrease (increase) in prepaid insurance		2,886
Decrease (increase) in restricted assets	(209)	(338)
Increase (decrease) in accounts payable	11,956	(2,654)
Increase (decrease) in due to other governmental units	179	466
Increase (decrease) in due to other funds	(6,215)	154,161
Increase (decrease) in consumer meter deposit liability	(498)	365
Net Cash Provided by (Used for) Operating Activities	<u>38,535</u>	<u>162,839</u>
Cash Flows from Capital and Related Financing Activities		
Acquisition of capital assets	(199,539)	(256,458)
Contributions from other funds for construction	122,693	32,000
Contributions from other governments for construction	56,706	15,000
Net Cash (Used for) Capital and Related Financing Activities	<u>(20,140)</u>	<u>(209,458)</u>
Cash Flows from Investing Activities		
Interest on investments	640	1,057
Net Cash Provided by Investing Activities	<u>640</u>	<u>1,057</u>
Net Increase (Decrease) in Cash and Cash Equivalents	19,035	(45,562)
Cash and Cash Equivalents - January 1	32,871	78,433
CASH AND CASH EQUIVALENTS - DECEMBER 31	<u>\$ 51,906</u>	<u>\$ 32,871</u>

The accompanying notes are an integral part of this statement.

TOWN OF LIVONIA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003

NOTE 1 - INTRODUCTION

The Town of Livonia, Louisiana (the "Town") was incorporated in 1959, under the provisions of the "Lawrason Act" [Louisiana Revised Statutes (R.S.) 33:321-481] of the constitution of the State of Louisiana. The Town is located in the Parish of Pointe Coupee and has a population of 1,339. The Town operates under a Mayor-Board of Aldermen Council form of government and, as permitted under the act, provides police protection; roads and streets; sponsorship of federal and state supported programs; gas and water utilities; and other necessary public services.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements of the Town of Livonia 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.

Reporting Entity

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 municipal government, [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. GASB has set forth criteria to be considered in determining financial accountability. This criteria include:

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

As required by generally accepted accounting principles, these financial statements present the Town of Livonia. Based on the criteria of GASB Statement No. 14, there are no component units to be included either blended within the Town's funds or discretely presented in these financial statements.

TOWN OF LIVONIA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2003

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.

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.

Fund Accounting

The municipality 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.

Governmental resources are allocated to and accounted for in individual funds based on the purpose for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped in the financial statements in this report as follows:

Governmental Fund

Governmental funds are used to account for all or most of the municipality's general activities, including the collection and disbursement of specific or legally restricted monies, 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. It is used to account for all financial resources, except those required to be accounted for in another fund.

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.

TOWN OF LIVONIA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2003

Proprietary Fund Type

Proprietary funds 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:

Public Utility Enterprise Fund—which accounts for the operations of the natural gas and waterworks system. The intent of the Town for these facilities is that the periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. Activities accounted for in the Town's proprietary fund follow all applicable GASB pronouncements as well as applicable Financial Accounting Standards Board pronouncements issued on or before November 30, 1989.

Basis of Accounting

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

Governmental funds are maintained on the modified accrual basis of accounting wherein revenues are recognized in the accounting period in which they become available and measurable. The governmental funds use the following practices in recording revenues and expenditures:

Revenues

1. 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.
2. Sales and use tax revenues are recorded in the month they are received by the parish tax collector.
3. Federal and state grants and reimbursements are recorded when the Town is entitled to the funds.
4. Fines, forfeitures, and court costs are recorded in the year they are received by the Town or parish tax collector.
5. Fees, charges and commissions are recognized as revenue in the month in which they are earned and billed.
6. Substantially all other revenues are recorded when received by the Town.

TOWN OF LIVONIA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2003

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 are accounted for as other financing sources (uses) and are recorded when the actual transfers occurs.

Proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of the fund are included on the balance sheet. Fund equity (net total assets) is segregated into contributed capital and retained earnings components. The operating statement for the enterprise fund presents increases (revenues) and decreases (expenses) in net total assets. The Public Utility Enterprise Fund is maintained on the accrual basis of accounting wherein revenues are recognized in the accounting period in which they are earned and become measurable, and expenses are recognized in the period incurred, if measurable.

Budget Practices

A proposed operating budget for the fiscal year, prepared on GAAP Basis, is approved by the Board of Aldermen and adopted in accordance with the Local Government Budget Law. The operating budget includes proposed expenditures and the means of financing them.

During the year, monthly budgetary comparison statements are used as management tools to control operations. When necessary the Board adopts budget amendments which are included in minutes published in the official journal.

The Board exercises budgetary control at the line item level. Unexpended appropriations lapse at the year end and must be reappropriated in the next year's proposed budget to be expended.

Encumbrances

The Town does not use encumbrance accounting.

Cash and Cash Equivalents

Cash includes amounts in demand deposits and interest-bearing demand deposits. Under state law, the Town may deposit funds in demand deposits, interest-bearing demand deposits, and money market or time deposit accounts with state banks organized under Louisiana laws and national banks having their principal offices in Louisiana.

Under state law, the Town may also invest in United States bonds, treasury notes and bills, or certificates. 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. Those with maturities of 90 days or less would be classified as cash equivalents and all others reported as investments.

TOWN OF LIVONIA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2003

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.

General Fixed Assets

Fixed assets of governmental funds are recorded as expenditures at the time purchased or constructed, and the related assets are capitalized (reported) in the general fixed assets account group. Public domain or infrastructures (general fixed assets consisting of certain improvements other than building, including roads, streets, drainage systems, and lighting systems) are not capitalized with other fixed assets. Interest cost incurred during construction are capitalized. No depreciation has been provided on general fixed assets. All fixed assets are valued at historical cost or estimated cost if historical cost is not available. Repairs and maintenance are recorded as expenditures; renewals and betterments are capitalized.

Property, Plant and Equipment - Proprietary Fund

Fixed assets used in the Public Utilities Enterprise Fund operations are included on the balance sheet net of accumulated depreciation. Additions to the utility plant in service are recorded at cost or, if contributed property, at their estimated fair value at time of contribution. Interest and other financing costs incurred during construction, if any, are capitalized. Repairs and maintenance are recorded as expenses; renewals and betterments are capitalized. The sale or disposal of fixed assets is recorded by removing cost and accumulated depreciation from the accounts and charging the resulting gain or loss to income.

Depreciation is charged as an expense against operations. Depreciation is computed using the straight-line method with estimated useful lives as follows:

Buildings	20 Years
Natural Gas System	20 Years
Water System	5 - 50 Years
Vehicles	6 Years
Tractors and Equipment	5 Years

Contributed capital recorded in the Public Utilities Enterprise Fund to account for contributions of capital assets from other governments, private developers, and others and to recognize grants and other contributed funds dedicated and restricted to the acquisition or construction of capital assets.

TOWN OF LIVONIA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2003

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 Financial Accounting Standards Board Statement (FASB) No. 43 "Accounting for Compensated Absences" were applied in determining the liability for both governmental and proprietary funds.

Fund Equity

Contributed Capital

Contributed capital is recorded in proprietary funds that have received capital grants or contributions from developers, customers, or other funds when such resources are restricted from the acquisition or construction of capital assets. Contributed capital is not amortized based on the depreciation recognized on that portion of the assets acquired or constructed from such resources. This depreciation is closed to the contributed capital account and is reflected as an adjustment to net income.

Reserves

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

Unreserved Retained Earnings

Unreserved retained earnings for proprietary funds represent the net assets available for future operations or distributions.

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.

Interfund Transactions

All interfund transfers are reported as operating transfers.

Comparative Data

Comparative total data for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the Town's financial position and operations. However, complete comparative data (i.e., presentation of prior year totals by fund type in each of the statements)

TOWN OF LIVONIA, LOUISIANA
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2003

have not been presented since their inclusion would make the statements unduly complex and difficult to read.

Total Columns on Combined Statements

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

NOTE 3 - CASH

At December 31, 2003, the status of deposited funds and collateralized balances are as follows:

	Balance per Bank Statement	Secured by FDIC	Pledged Collateral	Unsecured/ Uncollat- eralized
Demand Accounts - Operating funds	\$ 227,611	\$ 100,000	\$ 180,000	\$ 0

These deposits are stated at cost, which approximates market. Under state law, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

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.

NOTE 4 - INVESTMENTS

Investments held at December 31, 2003, include \$528,685 in the Louisiana Asset Management Pool Inc. (LAMP), a local government investment pool (see Summary of Significant Accounting Policies). In accordance with GASB Codification Section 150.165, the investment in LAMP at December 31, 2003, is not categorized in the three risk categories provided by GASB Codification Section 150.164 because the investment is in the pool of funds and therefore not evidenced by securities that exist in physical or book entry form. LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana, which was formed by an initiative of the State Treasurer in 1993. The corporation is governed by a board of directors comprising the State Treasurer, representatives from various organizations of local government, the Government Finance Officers Association of Louisiana, and the Society of Louisiana CPA's. Only local governments having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high-quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U.S. Treasury, the U.S. government

TOWN OF LIVONIA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2003

or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by those securities. The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances.

NOTE 5 - CHANGES IN FIXED ASSETS

A summary of changes in general fixed assets follows:

	01-01-2003	Additions	Deletions	12-31-2003
Land	\$ 56,537	\$ 54,465		\$ 111,002
Buildings and improvements	151,119	42,423		193,542
Tractor and equipment	68,500	76,339	\$ (35,157)	109,682
Furniture and equipment	108,303	4,228		112,531
Vehicles	123,274	25,143	(23,443)	124,974
Totals	<u>\$ 507,733</u>	<u>\$ 202,598</u>	<u>\$ (58,600)</u>	<u>\$ 651,731</u>

A summary of changes in proprietary fund type property, plant and equipment follows:

	01-01-2003	Additions	Deletions	12-31-2003
Land	\$ 3,000			\$ 3,000
Buildings	18,136	17,593		35,729
Natural gas system	122,021	36,081		158,102
Water system	1,243,220	37,044		1,280,264
Vehicles	33,815	3,500		37,315
Tractors and equipment	77,145	103,083		180,228
Office equipment & furniture	6,093	2,238		8,331
	<u>1,503,430</u>	<u>\$ 199,539</u>	<u>\$ 0</u>	<u>1,702,969</u>
Accumulated depreciation	<u>(474,831)</u>	<u>\$ (76,288)</u>		<u>(551,119)</u>
	<u>\$ 1,028,599</u>			<u>\$ 1,151,850</u>

NOTE 6 - AD VALOREM 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.

TOWN OF LIVONIA, LOUISIANA
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2003

The Sheriff of Pointe Coupee Parish, as provided by State Law, is the official tax collector of general 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 2003 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.

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

Fund	Mills	Property Assessed Valuations	Taxes Assessed For	
			General Purpose	Debt Service
General Fund	5.52	\$ 4,899,905	\$ 27,047	

NOTE 7 - SALES TAX DEDICATION

Proceeds of a 1% sales and use tax levied by the Town, after administrative and collection costs, can be spent for any and all lawful purposes.

NOTE 8 - 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 1st. The price will be based upon a 12-month average NYMEX strip price plus supplier margin, transportation, and fees.

NOTE 9 - 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, 2003 is \$9,998.

NOTE 10 - 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

TOWN OF LIVONIA, LOUISIANA
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2003

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 11 - FRANCHISE AGREEMENTS

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% of 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.

NOTE 12 - INTERFUND TRANSFERS

Transfers between funds for the year ended December 31, 2003 were as follows:

General Fund from Special Fund	\$ 54,465
General Fund from Sales Tax Fund	73,145
Public Utilities from Sales Tax Fund	122,693
	<u>\$ 250,303</u>

TOWN OF LIVONIA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2003

NOTE 13 - 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 2003 was \$195,033.

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 2003, the Town contributed \$12,092 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 2003 was \$341,249.

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 2003, the Town contributed \$4,948 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 9.0% of annual covered payroll from 1-1-2003 to 6-30-2003 and 15.25% from 7-1-2003 to 12-31-2003. 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, 2003, 2002, and 2001, were \$19,895, \$16,212, and \$9,833, respectively, equal to the required contributions for each year.

TOWN OF LIVONIA, LOUISIANA
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2003

NOTE 14 - ON-BEHALF PAYMENTS

The Town's police chief and four police officers received \$21,600 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 15 - CONTINGENT LIABILITIES

There is no pending litigation against the Town.

NOTE 16 - ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles require management to make estimates and assumptions that affect certain reported amounts and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Accordingly, actual results could differ from those estimates.

NOTE 17 - 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 18 - 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 outgoing mayor and board members is as follows:

Mayor	- Ronald Scallan	\$ 8,400
Council Members	- Ronald J. Barlow	3,675
	- James Bergeron, Jr.	3,700
	- Kevin W. Bergeron	3,725
	- Troy Chustz	3,700
	- Kurt Jarreau	3,700
		<u>26,900</u>
		<u>\$ 26,900</u>

NOTE 19 - FEDERAL FINANCIAL ASSISTANCE

The Town received \$38,440 in FEMA grants for drainage projects.

TOWN OF LIVONIA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2003

NOTE 20 - GASB 34 IMPLEMENTATION

GASB issued Statement Number 34, "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments", in June of 1999. The date of implementation is effective in three phases based on a government's total annual revenues in the first fiscal year ending after June 15, 1999 (earlier application is encouraged). The Town of Livonia's total annual revenues were less than \$10 million in the fiscal year ending June 30, 1999; therefore, the Town of Livonia is (phase 3) required to implement the provisions for the pronouncement for financial statements for the period beginning after June 15, 2003. GASB Statement Number 34 establishes a new governmental financial reporting model that will feature, among other significant changes, management discussion and analysis, a unique combination of fund-based and government-wide financial statements, required supplementary information, accounting for infrastructure assets, and accounting for the depreciation of infrastructure assets. The effects on the Town's financial statements are not know at this time; however, the pronouncement will be implemented for the fiscal year ending December 31, 2004, if not implemented earlier.

SUPPLEMENTAL INFORMATION

THIS PAGE INTENTIONALLY LEFT BLANK

TOWN OF LIVONIA, LOUISIANA
GENERAL FUND
SCHEDULE OF REVENUES - BUDGET AND ACTUAL (GAAP BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2003
(With Comparative Actual for December 31, 2002)

	2003			2002
	Budget	Actual	Variance Favorable (unfavorable)	Actual
Taxes				
General property	\$ 25,850	\$ 26,827	\$ 977	\$ 26,331
Electric franchise	52,000	52,090	90	46,170
Cable TV franchise	2,700	2,675	(25)	2,775
Telephone franchise	3,780	3,753	(27)	3,804
Total Taxes	\$ 84,330	\$ 85,345	\$ 1,015	\$ 79,080
Licenses and Permits				
Occupational - local business	\$ 26,600	\$ 25,591	\$ (1,009)	\$ 26,062
Occupational - insurance	27,500	26,799	(701)	28,879
Liquor and beer permits	2,500	3,690	1,190	930
Total Licenses and Permits	\$ 56,600	\$ 56,080	\$ (520)	\$ 55,871
Intergovernmental Revenues				
LA - Rural Development	\$ 25,000	\$ 25,000	\$ 0	\$ 25,000
LA - Beer taxes	2,550	2,983	433	2,598
LA - DOTD	40,560	38,440		
LA - Law Enforcement	5,184	5,184	0	4,028
LA - Public Safety - police supplement	21,600	21,600	0	19,350
Total Expenditures	\$ 94,894	\$ 93,207	\$ (1,687)	\$ 50,976
Fines and Forfeitures				
Traffic fines	\$ 435,118	\$ 466,558	\$ 31,440	\$ 360,560
Miscellaneous Revenues				
Interest earned	\$ 2,075	\$ 2,100	\$ 25	\$ 4,550
LA - Department of Transportation	3,343	3,343	0	3,343
Sale of fixed assets	25,531	25,531	0	
Mowing and backhoe rental	18,025	16,572	(1,453)	16,455
Other	4,282	845	(3,437)	5,407
Total Miscellaneous Revenues	\$ 53,256	\$ 48,391	\$ (4,865)	\$ 29,755

TOWN OF LIVONIA, LOUISIANA
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (GAAP BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2003
(With Comparative Actual for December 31, 2002)

	2003			2002
	Budget	Actual	Variance Favorable (unfavorable)	Actual
General Government				
Mayor's per diem	\$ 8,400	\$ 8,400	\$ 0	\$ 8,400
Council members per diem	18,500	18,500	0	18,400
Salary - clerk	17,596	17,596	0	17,083
Benefits	11,440	11,439	1	10,328
Attorney fee	2,500	2,657	(157)	18,077
Assessor fee	800	789	11	782
Audit fee	1,475	1,475	0	1,475
Accounting services	300	300	0	300
Conventions, conferences, seminars	3,912	3,912	0	1,776
Utilities	2,995	3,236	(241)	2,852
Insurance	4,860	4,859	1	2,770
Telephone	1,565	1,603	(38)	1,886
Publishing and recording	2,500	2,777	(277)	3,331
Municipal code supplement	6,167	6,167	0	
Mayor's expense account	1,000	1,000	0	1,000
Dues and subscriptions	749	749	0	875
Tourism and promotion	5,000	5,248	(248)	5,405
Beautification program	2,850	2,370	480	5,874
Maintenance of building	4,300	3,570	730	1,617
Janitorial and other supplies	3,550	3,467	83	3,360
Maintenance of office equipment	448	726	(278)	738
Office expense and postage	2,566	2,361	205	2,389
Animal ordinance expense	860	789	71	578
Miscellaneous expenses	884	1,007	(123)	1,957
Total General Government	<u>\$ 105,217</u>	<u>\$ 104,997</u>	<u>\$ 220</u>	<u>\$ 111,253</u>
Public Safety - Police				
Salary - chief of police	\$ 34,427	\$ 34,427	\$ 0	\$ 31,187
Salary - police officers	161,500	162,952	(1,452)	157,059
Salary - part-time	8,450	8,416	34	4,096
State supplemental pay	21,600	21,600	0	19,350
Benefits	64,345	64,681	(336)	58,660
Purchased professional services	2,005	1,864	141	2,575
Insurance	13,094	13,093	1	11,195
Telephone and paging system	7,225	7,132	93	5,042
Vehicle - gas and oil	12,000	11,790	210	10,048
Vehicle - repairs	10,800	9,421	1,379	7,105
Supplies and maintenance	13,674	13,273	401	11,805
Repairs - radios and equipment	4,500	4,256	244	4,344
Other services and charges	1,751	2,150	(399)	1,323
Total Public Safety - Police	<u>\$ 355,371</u>	<u>\$ 355,055</u>	<u>\$ 316</u>	<u>\$ 323,789</u>

TOWN OF LIVONIA, LOUISIANA
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (GAAP BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2003
(With Comparative Actual for December 31, 2002)

	2003			2002
	Budget	Actual	Variance Favorable (unfavorable)	Actual
Streets and Drainage				
Salary - foreman	\$ 12,192	\$ 12,238	\$ (46)	\$ 11,044
Salary - laborers	39,000	38,776	224	37,795
Benefits	18,047	18,044	3	14,212
Street lighting	19,270	19,247	23	18,059
Insurance	4,077	3,852	225	1,856
Satellite truck system	9,390	8,610	780	10,298
Concrete and asphalt	4,200	4,200	0	2,174
Gravel, limestone and shell	1,820	1,556	264	
Dirt and sand	5,900	5,770	130	
Drainage and culverts	11,800	10,668	1,132	9,735
Road and street signs	3,000	2,889	111	3,394
Speed bumps	891	891	0	373
Vehicle - gas and oil	3,385	3,191	194	1,556
Vehicle - repairs	2,900	3,010	(110)	803
Maintenance of equipment	7,500	7,372	128	4,108
Small tools and supplies	3,000	3,136	(136)	3,520
Chemicals - weed control	1,930	1,930	0	1,919
Waste dumpster and recycling	9,850	10,102	(252)	9,508
Other services and charges	1,600	1,571	29	881
Total Street and Drainage	<u>\$ 159,752</u>	<u>\$ 157,053</u>	<u>\$ 2,699</u>	<u>\$ 131,235</u>
Capital Outlays				
General government	\$ 45,151	\$ 45,150	\$ 1	\$ 50,400
Public safety - police	29,804	29,498	306	61,357
Street and drainage	177,134	174,122	3,012	50,427
Total Capital Outlays	<u>\$ 252,089</u>	<u>\$ 248,770</u>	<u>\$ 3,319</u>	<u>\$ 162,184</u>

TOWN OF LIVONIA, LOUISIANA
 PROPRIETARY FUND TYPE - ENTERPRISE FUND
 SCHEDULE OF EXPENSES - BUDGET AND ACTUAL (GAAP BASIS)
 FOR THE YEAR ENDED DECEMBER 31, 2003
 (With Comparative Actual for December 31, 2002)

	2003		Variance Favorable (unfavorable)	2002
	Budget	Actual		Actual
Natural Gas Expenses				
Safety and odorization	\$ 315	\$ 481	\$ (166)	\$ 340
Cathodic protection survey	295	295	0	890
Leakage survey	320	320	0	1,440
Drug testing policy fees	425	394	31	481
Continuing education	195	195	0	1,870
Meter readers	3,973	3,990	(17)	3,816
Insurance	3,952	3,952	0	4,662
Natural gas purchases	105,500	111,838	(6,338)	79,519
Maintenance of meters	1,200	2,752	(1,552)	3,164
Maintenance of lines	6,000	5,715	285	8,156
Supplies and small tools	3,300	3,055	245	5,437
Depreciation	2,425	3,500	(1,075)	2,716
Total Natural Gas Expenses	<u>\$ 127,900</u>	<u>\$ 136,487</u>	<u>\$ (8,587)</u>	<u>\$ 112,491</u>
Water Expenses				
Continuing education	\$ 1,230	\$ 955	\$ 275	\$ 153
Current used in pumping	9,000	9,667	(667)	9,927
Insurance	2,026	2,026	0	2,736
Maintenance of pumping equipment			0	1,234
Maintenance of lines and meters	15,800	14,453	1,347	30,200
Maintenance of water tower	6,076	6,076	0	17,064
Maint of generator & chlorinator	2,021	2,021	0	1,006
Supplies and small tools	3,288	3,003	285	5,132
Chlorine	1,925	1,702	223	2,622
Pumpage fees	260	258	2	268
Depreciation	9,100	54,168	(45,068)	48,349
Total Water Expenses	<u>\$ 50,726</u>	<u>\$ 94,329</u>	<u>\$ (43,603)</u>	<u>\$ 118,691</u>

TOWN OF LIVONIA, LOUISIANA
 PROPRIETARY FUND TYPE - ENTERPRISE FUND
 SCHEDULE OF EXPENSES - BUDGET AND ACTUAL (GAAP BASIS)
 FOR THE YEAR ENDED DECEMBER 31, 2003
 (With Comparative Actual for December 31, 2002)

	2003		Variance Favorable (unfavorable)	2002
	Budget	Actual		Actual
General and Administrative				
Salary - superintendent	\$ 26,106	\$ 26,106	\$ 0	\$ 29,782
Salary - maintenance	12,736	12,782	(46)	21,397
Salary - clerk	11,730	11,730	0	11,389
Salary - office personnel	21,191	21,191	0	20,574
Benefits	21,360	21,342	18	20,019
Professional fees - legal	2,100	2,077	23	2,300
Professional fees - audit	1,475	1,475	0	1,475
Professional fees - accounting	300	300	0	300
Utilities	700	700	0	536
Insurance	6,153	6,003	150	4,509
Telephone	2,300	2,315	(15)	2,349
Paging system	453	453	0	444
Publishing and notices	1,501	1,535	(34)	1,501
Dues and subscriptions	808	825	(17)	751
Maintenance of buildings	3,455	3,547	(92)	1,412
Janitorial and other supplies	1,200	976	224	1,386
Vehicle - gas and oil	3,130	2,997	133	2,788
Maintenance of trucks	2,300	2,141	159	1,080
Maintenance of equipment	5,492	5,394	98	1,126
Maintenance of office equipment	1,288	1,437	(149)	1,194
Office supplies and stationery	1,800	1,437	363	1,462
Postage	2,600	2,597	3	2,457
Miscellaneous	38,151	902	37,249	426
Depreciation	11,600	18,620	(7,020)	12,523
Total General and Administrative	<u>\$ 179,929</u>	<u>\$ 148,882</u>	<u>\$ 31,047</u>	<u>\$ 143,180</u>

TOWN OF LIVONIA, LOUISIANA
TAXABLE PROPERTY VALUATIONS
(UNAUDITED)

Year	Real Estate	Movables	Public Service	Totals
1984	\$ 1,696,825	\$ 201,985	\$ 497,296	\$ 2,396,106
1985	1,725,949	213,590	533,509	2,473,048
1986	1,759,715	213,765	426,073	2,399,553
1987	1,763,360	255,285	463,967	2,482,612
1988	1,657,610	208,735	466,460	2,332,805
1989	1,696,540	198,750	482,764	2,378,054
1990	1,721,760	204,695	413,721	2,340,176
1991	1,738,635	215,281	412,386	2,366,302
1992	1,799,925	251,155	397,906	2,448,986
1993	1,858,685	369,978	416,839	2,645,502
1994	1,906,400	439,030	469,232	2,814,662
1995	1,927,235	381,267	397,222	2,705,724
1996	2,214,135	410,653	376,020	3,000,808
1997	2,434,595	478,623	323,525	3,236,743
1998	2,565,330	520,500	431,816	3,517,646
1999	2,680,710	535,129	529,515	3,745,354
2000	3,191,200	1,010,828	505,304	4,707,332
2001	3,193,800	1,013,641	513,492	4,720,933
2002	3,195,159	1,010,614	515,862	4,721,635
2003	3,537,490	902,055	460,360	4,899,905

TOWN OF LIVONIA, LOUISIANA
PUBLIC UTILITY SYSTEM
SUMMARY OF OPERATIONS

	Gas System		Water System	
	2003	2002	2003	2002
Sales	\$ 170,776	\$ 160,595	\$ 161,641	\$ 136,531
MCF Gas Sold	17,672	18,235		
Total number of customers billed	4,654	4,731	8,998	9,003
Avg number of customers billed per mo	388	394	750	750
Average annual revenue per customer	\$ 440.33	\$ 407.34	\$ 215.57	\$ 181.98
Average monthly revenue per customer	\$ 36.69	\$ 33.95	\$ 17.96	\$ 15.17
Average MCF gas billed per customer	3.80	3.85		
Average revenue per MCF of gas billed	\$ 9.66	\$ 8.81		
Number of customers at beginning of year	393	390	750	747
Number of customers at end of year	395	393	753	750

	2003		2002	
	Amount	MCF	Amount	MCF
Gas Sales	\$ 170,776.00	17,672	\$ 160,595.00	18,235
Gas Purchases	111,838.00	18,532	79,519.00	18,351
Gross Profit on Sales	<u>\$ 58,938.00</u>		<u>\$ 81,076.00</u>	
MCF Gas Unaccounted For - Sales (Purchases)		<u>(860)</u>		<u>(116)</u>
Percent Unaccounted For - Gas Gain (Loss)		<u>-4.64062%</u>		<u>-0.63212%</u>

TOWN OF LIVONIA, LOUISIANA
SCHEDULE OF GENERAL FUND REVENUES, EXPENDITURES, AND TRANSFERS
LAST TEN YEARS

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Revenues and Transfers										
Taxes	\$ 53,485	\$ 49,547	\$ 54,107	\$ 60,439	\$ 59,376	\$ 61,996	\$ 65,974	\$ 67,858	\$ 79,080	\$ 85,345
Licenses & permits	40,821	31,429	39,919	42,082	43,921	40,659	45,508	49,513	55,871	56,080
Intergovernmental revenues	41,752	65,930	87,089	86,909	124,288	129,967	151,667	2,932	50,976	93,207
Fines and forfeitures	78,654	69,663	118,381	101,081	125,710	117,651	86,529	320,872	360,560	466,558
Miscellaneous revenues	6,904	10,458	10,582	11,014	19,639	21,333	32,064	34,619	29,755	51,859
Transfers from other funds	56,000	86,000	87,000	12,000	18,000	64,700	12,000		65,484	127,610
Total Revenues and Transfers	<u>277,616</u>	<u>313,027</u>	<u>397,078</u>	<u>313,525</u>	<u>390,934</u>	<u>436,306</u>	<u>393,742</u>	<u>475,794</u>	<u>641,726</u>	<u>880,659</u>
Expenditures and Transfers										
General government	59,471	58,450	59,599	59,887	62,215	70,333	70,100	96,426	111,253	104,996
Police department	111,161	123,339	136,574	142,168	134,320	157,249	158,518	232,597	323,789	355,055
Streets and sanitation	78,468	104,222	73,044	62,625	64,566	148,088	56,965	97,767	131,235	157,053
Capital outlays	12,868	3,377	28,670	28,180	47,608	28,341	9,689	67,401	162,184	248,770
Transfers to other funds							28,060	150,827		
Total Expenditures and Transfers	<u>261,968</u>	<u>289,388</u>	<u>297,887</u>	<u>292,860</u>	<u>308,709</u>	<u>404,011</u>	<u>323,332</u>	<u>645,018</u>	<u>728,461</u>	<u>865,874</u>
Excess Revenues and Transfers (Expenditures and Transfers)	<u>\$ 15,648</u>	<u>\$ 23,639</u>	<u>\$ 99,191</u>	<u>\$ 20,665</u>	<u>\$ 82,225</u>	<u>\$ 32,295</u>	<u>\$ 70,410</u>	<u>\$ (169,224)</u>	<u>\$ (86,735)</u>	<u>\$ 14,785</u>

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
(A Professional Corporation)

Practice Limited to Governmental Accounting, Auditing and Financial Reporting

Phone
OFFICE (225) 937-9735
FAX (225) 638-3669
E-mail gfdcpa@yahoo.com

Office
7663 ANCHOR DRIVE
VENTRESS, LA 70783-4120

Member
AMERICAN INSTITUTE OF CPAs
LOUISIANA SOCIETY OF CPAs
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 Ronald Scallan
and Members of the Town Council
Town of Livonia, Louisiana

I have audited the general purpose financial statements of the TOWN OF LIVONIA, LOUISIANA, as of and for the year ended December 31, 2003, and have issued my report thereon dated February 6, 2004. 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.

Compliance

As part of obtaining reasonable assurance about whether the Town of Livonia, Louisiana's general purpose financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the 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 financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within

a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

This report is intended solely for the information and use of the mayor, certain other elected officials of the Town of Livonia, and the Legislative Auditor for the State of Louisiana and is not intended to be, and should not be, used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

George F. Delaune, CPA

February 6, 2004

TOWN OF LIVONIA, LOUISIANA
SCHEDULE OF FINDINGS
YEAR ENDED DECEMBER 31, 2003

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the general purpose financial statements of the Town of Livonia, Louisiana.
2. No reportable conditions were disclosed during the audit of the general purpose financial statements.
3. No instances of noncompliance were disclosed during the audit of the general purpose financial statements.
4. The Town of Livonia, Louisiana received \$38,440 in federal financial assistance during the year.

B. FINDING — FINANCIAL STATEMENTS AUDIT

None

TOWN OF LIVONIA, LOUISIANA
RESOLUTION OF PRIOR YEAR FINDINGS
YEAR ENDED DECEMBER 31, 2002

There were no prior year audit findings.