

Town of Livingston, Louisiana

Annual Financial Statements

As of and for the Year Ended December 31, 2020  
With Supplementary Information

**Town of Livingston**  
**Annual Financial Statements**  
**As of and for the Year Ended December 31, 2020**  
**With Supplementary Information**

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**With Supplementary Information Schedules**

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Member  
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Member  
LCPA

To the Honorable Mayor Jonathan “JT” Taylor  
and Board of Aldermen  
Town of Livingston, Louisiana

## **INDEPENDENT AUDITOR’S REPORT**

I have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund information of Town of Livingston, Louisiana, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Town’s basic financial statements as listed in the table of contents.

### **Management’s Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor’s Responsibility**

My responsibility is to express opinions 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 the *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

## **Opinions**

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Town of Livingston, Louisiana, as of December 31, 2020, and the respective changes in financial position and, where applicable, cash flows thereof or the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information, the Schedule of the Town's Proportionate Share of Net Pension Liability, and the Schedule of the Town's Contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

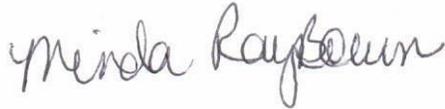
### *Other Information*

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Franklinton's basic financial statements. The individual fund financial statements, statistical sections, schedule of insurance, schedule of compensation paid to board members, schedule of compensation, benefits, and other payments to the agency head, and the justice system funding schedule-collecting/disbursing entity are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The individual fund financial statements, statistical sections, schedule of insurance, schedule of compensation paid to board members, the schedule of compensation, benefits, and other payments to the agency head, and the justice system funding schedule-collecting/disbursing entity are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, I have also issued my report dated May 24, 2022 on my consideration of the Town of Livingston's internal control over financial reporting and on 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Livingston's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Minda Raybourn".

Minda Raybourn CPA  
Franklinton, Louisiana  
May 24, 2022

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

## Town of Livingston

### Management's Discussion and Analysis As of and for the Year Ended December 31, 2020

#### Introduction

The Town of Livingston (the Town) is pleased to present its Annual Financial Statements developed in compliance with Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - Management's Discussion and Analysis - For State and Local Governments* (GASB 34), as amended. The amendment of GASB 34, including the adoption of GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and applicable standards as more fully described in the Footnote 1 – *Summary of Significant Accounting Policies*.

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

Since Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes, and currently known facts, please read it in conjunction with the Town's financial statements beginning immediately following this Management's Discussion and Analysis.

#### Financial Highlights

- At December 31, 2020, the Town's assets exceeded its liabilities by \$10,453,983 (net position). Of this amount, \$2,224,193 (unrestricted net position) may be used to meet the Town's ongoing obligations to its citizens.
- For the year ended December 31, 2020, the Town's total net position increased by \$257,415.
- At December 31, 2020, the Town's governmental funds reported combined ending fund balances of \$794,876, an increase of \$82,580 for the year. Of this amount, \$757,622 is unassigned.
- At December 31, 2020, the Town's proprietary funds reported combined ending net position of \$8,054,024, an increase of \$321,010 for the year. Of this amount, \$2,248,787 or twenty-one percent is available for spending at the Town's discretion (unrestricted net position).

#### Overview of the Annual Financial Report

The financial statement focus is on both the Town as a whole and on the major individual funds. Both perspectives, government-wide and major funds, allow the user to address relevant questions, broaden a basis for comparison, and enhance the Town's accountability. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The MD&A is intended to serve as an introduction to the Town's basic financial statements, which consist of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

## **Town of Livingston**

### **Management's Discussion and Analysis As of and for the Year Ended December 31, 2020**

#### **Government-Wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances in a manner similar to a private-sector business. Governmental activities, which normally are supported by taxes and intergovernmental revenues, and business-type activities, which rely to a significant extent on fees and charges for support are presented in separate columns along with a total column for the primary government. If the Town determines that presentation of a component unit (which are other governmental units for which the Town can exercise significant influences or for which the Primary Government financial statements would be misleading if component unit information is not presented) is necessary to allow the reader to determine the relationship of the component unit and primary government, the component unit information is presented in a separate column of the financial statements or in a separate footnote. Component unit information is presented separately in the notes to the financial statements.

The Statement of Net Position presents information on the Town's assets and liabilities using the accrual basis of accounting, in a manner similar to the accounting used by private business enterprises. The difference between the assets and liabilities is reported as net position. Over time, the increases or decreases in net position and changes in the components of net position 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 position changed during the most recent fiscal year, focusing on both the gross and net costs of various activities, both governmental and business-type, that are supported by the Town's general tax and other revenues. This is intended to summarize and simplify the reader's analysis of the cost of various governmental services and/or subsidy to various business-type activities.

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

Governmental activities - Most of the Town's basic services are reported here, including general government, public safety, streets, sanitation, health and welfare, and recreation. These activities are financed primarily by property taxes, franchise taxes, sales taxes, and fines.

Business-type activities - The Town charges a fee to customers to help it cover all of the cost of the services provided. The Town's water, natural gas, and sewer utility systems are reported in this section.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule, if applicable, are payments-in-lieu of taxes and other charges between the government's enterprise operations. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

#### **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 and legal requirements. The Town uses two categories of funds to account for financial transactions: governmental funds and proprietary funds. Traditional users of governmental financial statements will find the fund financial statements presentation more familiar.

Governmental funds are used to account for most of the Town's basic services. However, unlike the government-wide financial statements, governmental fund financial statements focus on how money flows

## **Town of Livingston**

### **Management's Discussion and Analysis As of and for the Year Ended December 31, 2020**

into and out of those funds and the balances that are left at year-end that are available for spending. These funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Town's general government operations and the basic services it provides. Governmental fund information helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs.

Proprietary funds account for water, natural gas, and sewer utility services provided by the Town to its customers. Proprietary fund statements provide the same type of information as the government-wide financial statements, but the fund presentation provides more detail.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, there are differences in the information presented for government funds and for governmental activities in the government-wide financial statements. Review of these differences provides the reader of the financial statements insight on the long-term impact of the Town's more immediate decisions on the current use of financial resources. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

#### **Notes to the Financial Statements**

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

## Town of Livingston

### Management's Discussion and Analysis As of and for the Year Ended December 31, 2020

#### Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The following table provides a summary of the Town's net position for the current year as compared to the prior year. For more detailed information, see the Statement of Net Position in this report.

#### Net Position 2020 and 2019

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Assets:						
Current and Other Assets	\$ 930,126	\$ 829,060	\$ 5,303,518	\$ 7,733,839	\$ 6,233,644	\$ 8,562,899
Capital Assets	2,456,301	2,556,922	13,679,011	9,813,745	16,135,312	12,370,667
Total Assets	<u>3,386,427</u>	<u>3,385,982</u>	<u>18,982,529</u>	<u>17,547,584</u>	<u>22,368,956</u>	<u>20,933,566</u>
Deferred Outflows of Resources						
Pension Related	326,654	295,934	117,395	102,892	444,049	398,826
Advanced Bond Refunding	-	-	664,413	696,692	664,413	696,692
Total Deferred Outflows of Resources	<u>326,654</u>	<u>295,934</u>	<u>781,808</u>	<u>799,584</u>	<u>1,108,462</u>	<u>1,095,518</u>
Liabilities:						
Long-Term Debt Outstanding	1,130,212	1,052,065	10,352,588	9,946,422	11,482,800	10,998,487
Other Liabilities	128,161	127,320	1,349,985	649,627	1,478,146	776,947
Total Liabilities	<u>1,258,373</u>	<u>1,179,385</u>	<u>11,702,573</u>	<u>10,596,049</u>	<u>12,960,946</u>	<u>11,775,434</u>
Deferred Inflows of Resources						
Pension Related	54,749	38,977	7,740	18,105	62,489	57,082
Total Deferred Inflows of Resources	<u>54,749</u>	<u>38,977</u>	<u>7,740</u>	<u>18,105</u>	<u>62,489</u>	<u>57,082</u>
Net Position:						
Net Investment in Capital Assets	2,424,553	2,495,649	5,498,446	5,650,568	7,922,999	8,146,217
Restricted	-	-	306,791	270,062	306,791	270,062
Unrestricted	(24,594)	(32,095)	2,248,787	1,812,384	2,224,193	1,780,289
Total Net Position	<u>\$ 2,399,959</u>	<u>\$ 2,463,554</u>	<u>\$ 8,054,024</u>	<u>\$ 7,733,014</u>	<u>\$ 10,453,983</u>	<u>\$ 10,196,568</u>

Approximately seventy-six percent of the Town's net position reflects its investment in capital assets (land, buildings, equipment, infrastructure, and improvements) net of any outstanding related debt used to acquire those capital assets. These capital assets are used to provide services to citizens and do not represent resources available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets cannot be used to liquidate these liabilities.

Approximately three percent of the Town's net position represents resources that are subject to external restriction on how they may be used. The Town's restricted net position consists of cash reserves required by revenue bond agreements and cash for customer deposits net of corresponding liabilities.

Approximately twenty-one percent of the Town's net position is unrestricted and may be used to meet the Town's ongoing obligations to its citizens.

## **Town of Livingston**

### **Management's Discussion and Analysis As of and for the Year Ended December 31, 2020**

At the end of the current fiscal year, the Town was able to report positive balances in all three categories of net position for both business-type activities, there was a negative balance in unrestricted net position for governmental activities.

The Town's activities increased its total net position by \$257,415 with governments activities decreasing net position by \$63,595 and business-type activities increasing net position by \$321,010.

In order to further understand what makes up the changes in net position, the following table provides a summary of the results of the Town's activities for the current year as compared to the prior year. An analysis of the primary sources of these changes follows the table. For more detailed information, see the Statement of Activities in this report.

## Town of Livingston

### Management's Discussion and Analysis As of and for the Year Ended December 31, 2020

#### Changes in Net Position For the years ended December 31, 2020 and 2019

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program Revenues:						
Charges for Services	\$ 673,407	\$ 981,335	\$ 2,789,775	\$ 2,681,700	\$ 3,463,182	\$ 3,663,035
Operating Grants and Contributions	268,171	106,811	14,666	12,327	282,837	119,138
Capital Grants and Contributions	-	-	-	-	-	-
General Revenues:						
Franchise Taxes	157,427	158,694	-	-	157,427	158,694
Property Taxes	73,810	59,252	-	-	73,810	59,252
Sales Taxes	654,367	538,967	-	-	654,367	538,967
Other Taxes	10,408	9,685	-	-	10,408	9,685
Intergovernmental	-	-	-	-	-	-
Interest Income	1,119	3,360	19,295	50,731	20,414	54,091
Donations	-	280,183	-	-	-	280,183
Miscellaneous	3,381	7,877	-	-	3,381	7,877
FEMA Reimbursement	2,945	8,833	-	-	2,945	8,833
Gain on Sale of Assets	-	735	-	-	-	735
Total Revenues	1,845,035	2,155,732	2,823,736	2,744,758	4,668,771	4,900,490
Expenses:						
General Government	724,779	728,634	-	-	724,779	728,634
Public Safety - Police Protection	608,836	611,970	-	-	608,836	611,970
Public Safety - Fire Protection	98,959	108,032	-	-	98,959	108,032
Public Works - Streets	258,009	252,020	-	-	258,009	252,020
Sanitation	216,094	213,664	-	-	216,094	213,664
Health and Welfare	-	3,005	-	-	-	3,005
Recreation	299,386	398,828	-	-	299,386	398,828
Capital Lease Interest	2,567	1,922	-	-	2,567	1,922
Gas, Water, and Sewer Utility	-	-	2,202,726	2,244,776	2,202,726	2,244,776
Total Expenses	2,208,630	2,318,075	2,202,726	2,244,776	4,411,356	4,562,851
Change in Net Assets Before Transfers and Contributions	(363,595)	(162,343)	621,010	499,982	257,415	337,639
Transfers (Out) In	300,000	168,735	(300,000)	(168,735)	-	-
Change in Net Position	(63,595)	6,392	321,010	331,247	257,415	337,639
Net Position, Beginning	2,463,554	2,457,162	7,733,014	7,401,767	10,196,568	9,858,929
Net Position, Ending	\$ 2,399,959	\$ 2,463,554	\$ 8,054,024	\$ 7,733,014	\$ 10,453,983	\$ 10,196,568

## Town of Livingston

### Management's Discussion and Analysis As of and for the Year Ended December 31, 2020

#### Governmental Activities

The Town's governmental net position decreased by \$63,595 or approximately three percent of the prior year ending net position of \$2,463,554.

The major differences between 2020 and 2019 revenues include a \$307,928 decrease in charges for services, a decrease of \$280,183 in donated assets, a \$161,360 increase in operating grants, a \$115,400 increase in sales taxes, and a \$14,558 increase in property taxes.

Total Government-wide Expenses decreased by five percent or \$109,445. General governmental expenditures decreased \$3,855 due to various items. The most significant amounts were decreases in insurance expense of \$11,162, repairs and maintenance of \$6,709, professional fees of \$3,644, miscellaneous expense of \$3,415, and depreciation expense of \$2,472 offset by increases in employee benefits of \$10,371 and Cares Act expense of \$15,878. Police expenditures decreased \$3,134 due to increases in depreciation expense of \$9,886 and salaries of \$8,415 with decreases of \$10,104 in auto expenses, \$5,553 in retirement expense, and \$5,073 in miscellaneous expense. Fire expenditures decreased \$9,073 due to an increase of \$11,397 in vehicle expense and with a decrease in miscellaneous expenses of \$19,429. Street expenditures increased \$5,989 due to increases of \$10,156 in other expenditures and \$2,185 in salaries and with a decrease of \$5,580 in materials and supplies. Recreation expenditures decreased \$99,442 due to decreases of \$12,728 in salaries, \$76,028 in program expenses, and \$7,002 in utilities. Sanitation expenditures increased \$2,430, due an increase in garbage collection fees. Transfers in from the utility fund subsidizing governmental activities were increased to \$300,000 in 2020 from \$168,735 in 2019.

#### Business-Type Activities

The Town's business-type net position increased by \$321,010, or four percent of the prior year ending net position, to \$8,054,024. Before transfers to/from the general fund, business-type net position increased \$621,010. Current year charges increased by \$108,075 to \$2,789,775 from prior year charges of \$2,681,700. Expenses for the utility systems decreased by \$42,050 (approximately two percent). Bond issuance costs decreased \$163,430. Interest expense increased \$69,256. salaries increased by \$39,406. Repairs and maintenance decreased by \$29,311. Employee benefits increased by \$25,653. Professional fees decreased \$17,603. Bad debt expense increased \$27,709.

#### Fund Financial Analysis

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

##### Governmental Funds

The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the Town's net resources available for spending at the end of the year. The basic governmental fund financial statements begin with "Statement C – Balance Sheet, Governmental Funds" immediately following the government-wide financial statements.

At the end of the current year, the Town's governmental funds reported combined ending fund balances of \$794,876. The unassigned fund balance was \$757,622. This represents an increase of \$82,580 after a decrease of \$42,456 in 2019. Before transfers in from the utility fund the governmental funds would have had a \$217,420 decrease in fund balance.

## **Town of Livingston**

### **Management's Discussion and Analysis As of and for the Year Ended December 31, 2020**

The general fund is the chief operating fund of the Town. At the end of the current year, the total fund balance for the general fund was \$794,876. Of this amount \$757,622 was unassigned.

#### **Proprietary Funds**

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

#### **General Fund Budgetary Highlights**

The General Fund had no actual expenditures and other uses over budgeted amounts resulting in unfavorable variances greater than five percent in accordance with the Local Government Budget Act for the fiscal year ended December 31, 2020. Actual revenues and other sources of the General Fund were below five percent of the budgeted amounts. This was due to budgeted grants were more than actually received.

#### **Capital Assets and Debt Administration**

##### **Capital Assets**

The Town's investment in capital assets for its governmental and business-type activities as of December 31, 2020 amounts to \$16,135,312 (net of depreciation). The total increase in the Town's investment in capital assets for the current fiscal year before allowance for depreciation was \$4,409,095.

The following table provides a summary of the Town's capital assets (net of depreciation) at the end of the current year as compared to the prior year. For more detailed information, see Note 8 to the financial statements in this report.

## Town of Livingston

### Management's Discussion and Analysis As of and for the Year Ended December 31, 2020

#### Capital Assets (Net of Depreciation) 2020 and 2019

Capital Assets	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	\$ 138,634	\$ 138,634	\$ -	\$ -	\$ 138,634	\$ 138,634
Construction in Progress	38,044	38,044	4,454,510	241,200	4,492,554	279,244
Buildings and Improvements	953,569	914,213	339,947	339,947	1,293,516	1,254,160
Parks and Improvements	1,532,196	1,532,196	-	-	1,532,196	1,532,196
Sidewalk Improvements	517,882	517,882	-	-	517,882	517,882
Vehicles	1,184,336	1,101,987	167,968	167,968	1,352,304	1,269,955
Machinery and Equipment	640,131	618,689	426,007	415,394	1,066,138	1,034,083
Furniture and Fixtures	27,270	27,270	15,665	15,145	42,935	42,415
Computers and Software	45,852	45,852	37,226	37,226	83,078	83,078
Infrastructure	1,064,673	1,064,673	-	-	1,064,673	1,064,673
Gas Utility System	-	-	574,654	574,654	574,654	574,654
Water Utility System	-	-	5,267,405	5,267,405	5,267,405	5,267,405
Sewer Utility System	-	-	9,859,069	9,817,564	9,859,069	9,817,564
Subtotal Capital Assets	6,142,587	5,999,440	21,142,451	16,876,503	27,285,038	22,875,943
Less: Accumulated Depreciation	(3,686,286)	(3,442,518)	(7,463,440)	(7,062,758)	(11,149,726)	(10,505,276)
<b>Capital Assets, Net</b>	<b>\$ 2,456,301</b>	<b>\$ 2,556,922</b>	<b>\$ 13,679,011</b>	<b>\$ 9,813,745</b>	<b>\$ 16,135,312</b>	<b>\$ 12,370,667</b>

Governmental Activities capital assets increased by \$143,147 before depreciation of \$243,768, with increases consisting of \$39,356 in building improvements for Town Hall renovations, \$2,760 for equipment for recreation, \$82,349 for police vehicles and related equipment, \$8,083 for street department equipment, and \$10,600 for fire department equipment.

Capital assets for business-type activities capital assets increased by \$4,265,948 before depreciation of \$400,682. Significant additions included \$4,170,531 for construction expenditures for the Red Oak sewer treatment plant project, \$42,779 for the Texas Street Force Main Project, \$41,505 for sewer pumps, \$5,907 related to generator installation at various lift stations, \$4,706 for equipment for the utility departments, and \$520 for an office desk.

## Town of Livingston

### Management's Discussion and Analysis As of and for the Year Ended December 31, 2020

#### Long-Term Debt

At December 31, 2020, the Town had total debt outstanding of \$10,138,402. Of this total, \$224,938 is due within one year and \$9,913,464 is due within greater than one year. The following table provides a summary of the Town's outstanding debt at the end of the current year as compared to the prior year.

#### Outstanding Debt 2020 and 2019

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Capital Leases	\$ 31,748	\$ 61,273	\$ 19,222	\$ 55,548	\$ 50,970	\$ 116,821
Rev Bonds / Cert of Indebt.	-	-	10,087,432	9,686,626	10,087,432	9,686,626
Total Outstanding Debt	<u>\$ 31,748</u>	<u>\$ 61,273</u>	<u>\$ 10,106,654</u>	<u>\$ 9,742,174</u>	<u>\$ 10,138,402</u>	<u>\$ 9,803,447</u>

Long term debt increased \$334,955 related to Series 2020 issuance of \$590,000. Interest rates for long-term debt range from 2% to 4%. For more detailed information, see Note 13 to the financial statements in this report.

Bonds financed for the Town require a specific debt to net income ratio of 125%. As noted in Note 14, the Town met the required ratio for the fiscal year ended December 31, 2020.

#### Other Factors Affecting the Town

The Town of Livingston's management approach is conservative. When possible, the Mayor and Aldermen attempt to provide services for the Town based on existing revenues and to finance long-term projects only when absolutely necessary. The Town actively pursues grant funds to minimize the cost of major projects to its citizens. The Town also attempts to keep utility rates at the minimum required to cover the costs of utility system operation. However, gas system rates are largely dependent on the amounts charged the Town for the cost of gas sold. In addition, the Town is required to respond to the need for sewer system improvements as mandated for municipalities by the United States Environmental Protection Agency and the Louisiana Department of Environmental Quality.

#### Contacting the Town's Financial Management

This financial report is designed to provide the Town's citizens, taxpayers, creditors and investors with a general overview of the Town's finances and show the Town's accountability for the money it receives. Questions regarding this report or requests for additional information should be addressed to the Town of Livingston at 20550 Circle Drive, Livingston, Louisiana 70754, telephone (225) 686-7773.

**Basic Financial Statements**  
**Government-Wide Financial Statements**

**Town of Livingston  
Statement of Net Position  
As of December 31, 2020**

	<b>Primary Government</b>		<b>Total</b>
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	
<b>Assets</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 367,165	\$ 2,536,701	\$ 2,903,866
Investments	141,125	-	141,125
Receivables, Net:			
Accounts	489	350,413	350,902
Intergovernmental	2,634	-	2,634
Other	63,019	67,728	130,747
Taxes	116,661	-	116,661
Due From Other Funds	201,779	-	201,779
Inventory	-	5,262	5,262
Prepaid Expenses	37,254	21,568	58,822
<b>Total Current Assets</b>	<b>930,126</b>	<b>2,981,672</b>	<b>3,911,798</b>
Restricted Assets:			
Restricted Cash and Cash Equivalents	-	2,272,900	2,272,900
<b>Total Restricted Assets</b>	<b>-</b>	<b>2,272,900</b>	<b>2,272,900</b>
Capital Assets:			
Land	138,634	-	138,634
Construction in Progress	38,044	4,454,510	4,492,554
Capital Assets, Net	2,279,623	9,224,501	11,504,124
<b>Total Capital Assets</b>	<b>2,456,301</b>	<b>13,679,011</b>	<b>16,135,312</b>
Other Assets:			
Unamortized Bond Insurance Costs	-	48,946	48,946
<b>Total Assets</b>	<b>3,386,427</b>	<b>18,982,529</b>	<b>22,368,956</b>
<b>Deferred Outflows of Resources</b>			
Pension Related	326,654	117,395	444,049
Advanced Bond Refunding	-	664,413	664,413
<b>Total Deferred Outflows of Resources</b>	<b>326,654</b>	<b>781,808</b>	<b>1,108,462</b>
<b>Liabilities</b>			
Current Liabilities:			
Accounts Payable	46,410	94,550	140,960
Other Accrued Payables	66,289	626,440	692,729
Due To Other Funds	-	201,779	201,779
Customer Deposits	-	217,740	217,740
Bonds Payable	-	200,000	200,000
Capital Leases	15,462	9,476	24,938
<b>Total Current Liabilities</b>	<b>128,161</b>	<b>1,349,985</b>	<b>1,478,146</b>
Long Term Liabilities:			
Bonds Payable	-	9,887,432	9,887,432
Capital Leases	16,286	9,746	26,032
Net Pension Liability	1,113,926	455,410	1,569,336
<b>Total Long Term Liabilities</b>	<b>1,130,212</b>	<b>10,352,588</b>	<b>11,482,800</b>
<b>Total Liabilities</b>	<b>1,258,373</b>	<b>11,702,573</b>	<b>12,960,946</b>
<b>Deferred Inflows of Resources</b>			
Pension Related	54,749	7,740	62,489
<b>Total Deferred Inflows of Resources</b>	<b>54,749</b>	<b>7,740</b>	<b>62,489</b>
<b>Net Position</b>			
Net Investment in Capital Assets	2,424,553	5,498,446	7,922,999
Restricted for:			
Capital Projects and Debt Service	-	306,791	306,791
Unrestricted	(24,594)	2,248,787	2,224,193
<b>Total Net Position</b>	<b>\$ 2,399,959</b>	<b>\$ 8,054,024</b>	<b>\$ 10,453,983</b>

The accompanying notes are an integral part of these financial statements.

**Town of Livingston**  
**Statement of Activities**  
**For the year ended December 31, 2020**

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants &amp; Contributions</u>	<u>Capital Grants &amp; Contributions</u>
<b>Governmental Activities</b>				
General Government	\$ 724,779	\$ 218,085	\$ 172,627	\$ -
Public Safety - Police Protection	608,836	131,299	53,052	-
Public Safety - Fire Protection	98,959	-	42,492	-
Public Works - Streets	258,009	-	-	-
Sanitation	216,094	219,886	-	-
Health and Welfare	-	-	-	-
Recreation	299,386	104,137	-	-
Capital Lease Interest	2,567	-	-	-
<b>Total Governmental Activities</b>	<u>2,208,630</u>	<u>673,407</u>	<u>268,171</u>	<u>-</u>
<b>Business-type Activities</b>				
Gas	445,044	618,212	4,400	-
Water	706,868	1,283,919	5,866	-
Sewer	1,050,814	887,644	4,400	-
<b>Total Business-type Activities</b>	<u>2,202,726</u>	<u>2,789,775</u>	<u>14,666</u>	<u>-</u>
<b>Total All Activities</b>	<u>\$ 4,411,356</u>	<u>\$ 3,463,182</u>	<u>\$ 282,837</u>	<u>\$ -</u>

**General Revenues:**

Taxes:

Franchise Taxes

Property Taxes

Sales and Use Taxes

Other Taxes

Interest Income

Miscellaneous

Reimbursement of Expenses from FEMA

Operating Transfers In (Out)

**Total General Revenues and Transfers**

**Change in Net Position**

**Net Position - Beginning**

**Net Position - Ending**

The accompanying notes are an integral part of these financial statements.

**Statement B**

<b>Net (Expenses) Revenues and Changes in Net Position</b>			
<b>Net (Expenses) Revenues</b>	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
\$ (334,067)	\$ (334,067)	\$ -	\$ (334,067)
(424,485)	(424,485)	-	(424,485)
(56,467)	(56,467)	-	(56,467)
(258,009)	(258,009)	-	(258,009)
3,792	3,792	-	3,792
-	-	-	-
(195,249)	(195,249)	-	(195,249)
(2,567)	(2,567)	-	(2,567)
(1,267,052)	(1,267,052)	-	(1,267,052)
177,568	-	177,568	177,568
582,917	-	582,917	582,917
(158,770)	-	(158,770)	(158,770)
601,715	-	601,715	601,715
\$ (665,337)	(1,267,052)	601,715	(665,337)
	157,427	-	157,427
	73,810	-	73,810
	654,367	-	654,367
	10,408	-	10,408
	1,119	19,295	20,414
	3,381	-	3,381
	2,945	-	2,945
	300,000	(300,000)	-
	1,203,457	(280,705)	922,752
	(63,595)	321,010	257,415
	2,463,554	7,733,014	10,196,568
\$	2,399,959	\$ 8,054,024	\$ 10,453,983

# Basic Financial Statements

## Fund Financial Statements

**Town of Livingston**  
**Balance Sheet, Governmental Funds**  
**As of December 31, 2020**

**Statement C**

		<u>General Fund</u>
<b>Assets</b>		
Cash and Equivalents	\$	367,165
Investments		141,125
Receivables, Net:		
Intergovernmental		2,838
Accounts		489
Other		62,815
Taxes		116,661
Due From Other Funds		201,779
Prepaid Insurance		37,254
<b>Total Assets</b>	<b>\$</b>	<b><u>930,126</u></b>
 <b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>		
Liabilities:		
Accounts Payable	\$	46,410
Accrued Salaries		28,611
Other Accrued Liabilities		37,678
<b>Total Liabilities</b>		<b><u>112,699</u></b>
 Deferred Inflows of Resources:		
Unavailable Ad Valorem Taxes		22,551
<b>Total Deferred Inflows of Resources</b>		<b><u>22,551</u></b>
 Fund Balances:		
Nonspendable		37,254
Restricted		-
Unassigned		757,622
<b>Total Fund Balances</b>		<b><u>794,876</u></b>
 <b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	 <b>\$</b>	 <b><u>930,126</u></b>

The accompanying notes are an integral part of these financial statements.

**Statement D**

**Town of Livingston  
Reconciliation of the Governmental Funds Balance Sheet  
to the Government-Wide Financial Statement of Net Position  
As of December 31, 2020**

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

<b>Fund Balances, Total Governmental Funds (Statement C)</b>	\$	794,876
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Capital assets used in governmental activities are not financial resources and are therefore not reported in the governmental funds.

Governmental capital assets net of depreciation		2,456,301
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Long-term liabilities including capital lease payable are not due and payable in the current period and, therefore, are not reported in the governmental funds.

Capital Leases Payable		(31,748)
Net Pension Liability		(1,113,926)
Deferred Outflows of Resources		326,654
Deferred Inflows of Resources		(54,749)

Ad Valorem taxes collected after year-end, but not available soon enough to pay for current expenditures		22,551
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<b>Net Position of Governmental Activities (Statement A)</b>	\$	2,399,959
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The accompanying notes are an integral part of these financial statements.

**Statement E**

**Town of Livingston  
Statement of Revenues, Expenditures and  
Changes in Fund Balances  
For the year ended December 31, 2020**

	<b>General Fund</b>
<b>Revenues</b>	
Taxes	\$ 882,022
Licenses and Permits	218,085
Intergovernmental	86,275
Sanitation Fees	219,886
Fines and Forfeitures	130,549
Grants	161,975
Interest	1,119
Parks and Recreation	104,137
Miscellaneous	6,256
<b>Total Revenues</b>	<b>1,810,304</b>
<b>Expenditures</b>	
General Government	665,351
Public Safety:	
Police	506,298
Fire	82,191
Streets	168,359
Sanitation	216,094
Health and Welfare	-
Recreation	201,259
Capital Outlays	143,147
Debt Service	
Principal	29,525
Interest	2,567
<b>Total Expenditures</b>	<b>2,014,791</b>
<b>Excess (Deficiency) of Revenues Over (Under)</b>	<b>(204,487)</b>
<b>Other Financing Sources (Uses)</b>	
Operating Transfers In	300,000
Operating Transfers (Out)	-
Cares Act Expense	(15,878)
Federal Emergency Management Reimbursements	2,945
<b>Total Other Financing Sources (Uses)</b>	<b>287,067</b>
<b>Net Change in Fund Balances</b>	<b>82,580</b>
<b>Fund Balances, Beginning</b>	<b>712,296</b>
<b>Fund Balances , Ending</b>	<b>\$ 794,876</b>

The accompanying notes are an integral part of these financial statements.

**Town of Livingston**  
**Reconciliation of the Statement of Revenues, Expenditures,**  
**and Changes in Fund Balances of Governmental Funds**  
**to the Statement of Activities**  
**For the year ended December 31, 2020**

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

**Net Change in Fund Balances, Total Governmental Funds, Statement E** \$ 82,580

Governmental funds report capital outlays as expenditures. However, in the statement of activities the costs of these assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.

Expenditures for capital assets	\$ 143,147	
Less:		
Proceeds from sale of assets	-	
Gain on sale of assets	-	
Current year depreciation	<u>(243,768)</u>	(100,621)

Repayment of capital lease principal is an expenditure in governmental funds but the repayment reduces long-term liabilities in the statement of net position. Proceeds received through capital leases are recorded as an other financing source in governmental funds, but as increases in a long term liability in the statement of net position.

Proceeds from capital leases	-	
Principal payments - capital leases	<u>29,525</u>	29,525

Non-employer contributions to cost-sharing pension plan		28,204
Pension Expense		(106,865)

Deferred inflows of resources for ad valorem taxes collected after year end, but not available soon enough to pay for current expenditures changed by the following		3,582
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**Change in Net Position of Governmental Activities, Statement B** \$ (63,595)

The accompanying notes are an integral part of these financial statements.

**Town of Livingston**  
**Statement of Net Position - Proprietary Funds**  
**As of December 31, 2020**

**Statement G**

<b>Assets</b>	
Current Assets:	
Cash and Cash Equivalents	\$ 2,536,701
Receivables, Net:	
Accounts	350,413
Other	67,728
Inventory - Natural Gas	5,262
Prepaid Expenses	21,568
Total Current Assets	<u>2,981,672</u>
Restricted Assets:	
Restricted Cash and Cash Equivalents	<u>2,272,900</u>
Total Restricted Assets	<u>2,272,900</u>
Property, Plant, and Equipment	
Construction in Progress	4,454,510
Property, Plant and Equipment, Net	9,224,501
Total Property, Plant, and Equipment	<u>13,679,011</u>
Other Assets:	
Unamortized Bond Insurance Costs	<u>48,946</u>
<b>Total Assets</b>	<u>18,982,529</u>
<b>Deferred Outflows of Resources</b>	
Pension Related	117,395
Advanced Bond Refunding	664,413
<b>Total Deferred Outflows of Resources</b>	<u>781,808</u>
<b>Liabilities</b>	
Current Liabilities (Payable From Current Assets):	
Accounts Payable	94,550
Other Accrued Payables	626,440
Capital Lease Payable	9,476
Due To General Fund	201,779
Revenue Bonds Payable	200,000
Total Current Liabilities (Payable From Current Assets)	<u>1,132,245</u>
Current Liabilities (Payable From Restricted Assets):	
Customer Deposits	<u>217,740</u>
Total Current Liabilities (Payable From Restricted Assets)	<u>217,740</u>
Long Term Liabilities:	
Bonds Payable	9,887,432
Capital Lease Payable	9,746
Net Pension Liability	455,410
Total Long Term Liabilities	<u>10,352,588</u>
<b>Total Liabilities</b>	<u>11,702,573</u>
<b>Deferred Inflows of Resources</b>	
Pension Related	7,740
<b>Total Deferred Inflows of Resources</b>	<u>7,740</u>
<b>Net Position</b>	
Net Investment in Capital Assets	5,498,446
Restricted for:	
Capital Projects and Debt Service	306,791
Unrestricted	2,248,787
<b>Total Net Position</b>	<u>\$ 8,054,024</u>

The accompanying notes are an integral part of these financial statements.

**Town of Livingston**  
**Statement of Revenues, Expenses and**  
**Changes in Net Position - Proprietary Funds**  
**For the year ended December 31, 2020**

	<b>Business-Type Activities-</b>			<b>Total</b>
	<b>Enterprise Funds</b>			
	<b>Gas Utility System</b>	<b>Water Utility System</b>	<b>Sewer Utility System</b>	
<b>Operating Revenues</b>				
Gas Sales	\$ 604,131	\$ -	\$ -	\$ 604,131
Less Cost of Gas Sold	(112,684)	-	-	(112,684)
Gross Profit on Gas Sales	491,447	-	-	491,447
Water Sales	-	1,202,654	-	1,202,654
Sewer Service Charges	-	-	848,301	848,301
Intergovernmental	4,400	5,866	4,400	14,666
Other	14,081	81,265	39,343	134,689
<b>Total Operating Revenues</b>	<b>509,928</b>	<b>1,289,785</b>	<b>892,044</b>	<b>2,691,757</b>
<b>Operating Expenses</b>				
Bad Debts	6,305	12,551	8,853	27,709
Depreciation and Amortization	20,317	146,305	236,030	402,652
Employee Benefits	70,978	94,774	70,977	236,729
Insurance	-	52,788	-	52,788
Other	22,880	80,076	141,055	244,011
Professional Fees	22,223	15,049	11,562	48,834
Repairs and Maintenance	32,922	61,598	16,778	111,298
Salaries and Wages	148,127	197,502	148,127	493,756
Supplies	7,953	13,666	7,953	29,572
Utilities	-	31,680	39,981	71,661
<b>Total Operating Expenses</b>	<b>331,705</b>	<b>705,989</b>	<b>681,316</b>	<b>1,719,010</b>
<b>Operating Income (Loss)</b>	<b>178,223</b>	<b>583,796</b>	<b>210,728</b>	<b>972,747</b>
<b>Nonoperating Revenues (Expenses)</b>				
Bond Issuance Costs	-	-	(29,894)	(29,894)
Interest Income	33	1,230	18,032	19,295
Interest Expense	(564)	(970)	(339,604)	(341,138)
<b>Total Nonoperating Revenues (Expenses)</b>	<b>(531)</b>	<b>260</b>	<b>(351,466)</b>	<b>(351,737)</b>
<b>Income (Loss) Before Contributions and Transfers</b>	<b>177,692</b>	<b>584,056</b>	<b>(140,738)</b>	<b>621,010</b>
<b>Contributions and Transfers</b>				
Operating Transfers Out	(90,000)	(120,000)	(90,000)	(300,000)
<b>Change in Net Position</b>	<b>87,692</b>	<b>464,056</b>	<b>(230,738)</b>	<b>321,010</b>
<b>Total Net Position, Beginning</b>				<u>7,733,014</u>
<b>Total Net Position, Ending</b>				<u>\$ 8,054,024</u>

The accompanying notes are an integral part of these financial statements.

**Town of Livingston**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the year ended December 31, 2020**

**Statement I**

	<u>Enterprise Fund</u>
<b>Cash Flows From Operating Activities</b>	
Received From Customers	\$ 2,568,908
Received for Meter Deposit Fees	14,419
Other Receipts	163,586
(Payments for) Interfund Services	146,179
(Payments for) Operations	(153,526)
(Payments to) Employees	(697,811)
Net Cash Provided (Used) by Operating Activities	<u>2,041,755</u>
<b>Cash Flows From Noncapital Financing Activities</b>	
Transfers From (To) Other Funds	<u>(300,000)</u>
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(300,000)</u>
<b>Cash Flows From Capital and Related Financing Activities</b>	
Capital Grants Received	-
(Payments for) Capital Acquisitions	(4,302,274)
(Payments for) for Debt Issue Costs	(29,894)
Principal Proceeds from (Repayments for) Long Term Debt	429,103
Interest Payments for Long Term Debt	(335,096)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(4,238,161)</u>
<b>Cash Flows From Investing Activities</b>	
Receipt of Interest	<u>19,295</u>
Net Cash Provided (Used) by Investing Activities	<u>19,295</u>
<b>Net Cash Increase (Decrease) in Cash and Cash Equivalents</b>	(2,477,111)
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>7,286,712</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 4,809,601</u>
<b>Reconciliation of Cash and Cash Equivalents to the Statement of Net Position:</b>	
Cash and Cash Equivalents, Unrestricted	\$ 2,536,701
Cash and Cash Equivalents, Restricted	<u>2,272,900</u>
Total Cash and Cash Equivalents	<u>\$ 4,809,601</u>

(Continued)

The accompanying notes are an integral part of these financial statements.

**Town of Livingston  
Statement of Cash Flows  
Proprietary Funds  
For the year ended December 31, 2020**

**Statement I**

	<u><b>Enterprise Fund</b></u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>	
Operating Income (Loss)	\$ 972,747
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:	
Depreciation	402,652
(Increase) decrease in Accounts Receivable	(58,469)
(Increase) decrease in Other Receivable	14,231
(Increase) decrease in Inventory	(2,165)
(Increase) decrease in Prepaid Insurance	1,625
(Increase) decrease in Deferred Outflows of Resources	(14,503)
(Increase) decrease in Due (to) and from Other Funds	146,179
Increase (decrease) in Accounts Payable	45,000
Increase (decrease) in Deferred Inflows of Resources	(10,365)
Increase (decrease) in Accrued Expenses	530,404
Increase (decrease) in Customer Deposits	14,419
Net Cash Provided by Operating Activities	<u>\$ 2,041,755</u>

(Concluded)

The accompanying notes are an integral part of these financial statements.

# Basic Financial Statements

## Notes to the Financial Statements

**Town of Livingston**  
**Notes to the Financial Statements**  
**As of and for the Year Ended December 31, 2020**

**Introduction**

The Town of Livingston, Louisiana was incorporated November 4, 1955, under the provisions of the Lawrason Act. The Town operates under a Mayor/Board of Aldermen form of government. The Mayor and each of five aldermen are elected at large for four-year terms. The Mayor and Aldermen are compensated per diem for each meeting attended; in addition, the Mayor receives a salary. The Town is located 28 miles east of Baton Rouge, Louisiana, north of Interstate Highway 12, with U.S. Highway 190 intersecting the northern part of the Town.

The Town's total population is 1,769, as reported by the U.S. Census Bureau, Census 2010. The Town provides police and fire protection, services to maintain and develop streets, drainage, and sanitation, support of recreation activities, general and administrative services, and utilities services for area residents. The Town provides water, gas, and sewer utility services to 2,606 water customers, 670 gas customers, and 1,535 sewer customers inside and outside of the Town limits. The water distribution system provides services for Town of Livingston, Satsuma, and Brentwood. The current sewerage system consists of two separate collection systems with two separate sewerage treatment plants. The first and larger of the sewerage treatment plants is located at the Red Oak Facility in the Town of Livingston. The second is located in the subdivision of Brentwood and services the Satsuma area. The Town employs 34 employees in addition to the Mayor and Board of Aldermen.

Governmental Accounting Standards Board (GASB) Statement No. 14, as amended, establishes criteria for determining the reporting entity and component units that should be included within the reporting entity. Under provisions of this statement, the Town of Livingston is considered a primary government, since it is a local special purpose government that has a separately elected governing body.

**1. Summary of Significant Accounting Policies**

**A. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

These financial statements are presented in accordance with GASB Statement No. 34, *Basic Financial Statements, Management's Discussion and Analysis, for State and Local Governments*, as amended by GASB Statements described in the following paragraphs. Statement No. 34 established standards for financial reporting, with presentation requirements originally including a statement of net position (or balance sheet), a statement of activities, and a statement of cash flows. The definition and composition of these statements, as originally defined in GASB Statement No. 34, are as amended by GASB Statements included in the following paragraphs. The District has also adopted the provisions of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions* that require capital contributions to the District to be presented as a change in net position.

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, effective for financial statement periods ending after December 15, 2012, provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. Concepts Statement No. 4, *Elements of Financial Statements*, introduced and defined *Deferred Outflows of Resources* as a consumption of net

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assets by the government that is applicable to a future reporting period, and *Deferred Inflows of Resources* as an acquisition of net position by the government that is applicable to a future reporting period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. GASB Concepts Statement 4 identifies net position as the residual of all other elements presented in a statement of financial position. This Statement amends the net asset reporting requirements in Statement No. 34, *Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments*, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. The definition and reporting of net position is further described in *Footnote J – Net Position and Fund Equity*. As required by the Governmental Accounting Standards Board (GASB), the Town implemented GASB Statement No. 63 during the year ending December 31, 2012. The Town had deferred outflows and deferred inflows of resources related to pension and advanced bond refunding of \$1,108,462 and \$62,489, respectively, at December 31, 2020.

The Town has also adopted GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The application of this standard to long-term debt offerings of the District is more fully described in *Footnote I – Long-Term Obligations*.

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

Separate financial statements are provided for governmental funds, and proprietary funds. Major individual governmental funds and major individual enterprise funds are presented as separate columns in the fund financial statements.

**B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessment receivable, if any, due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The Town reports the following major governmental funds:

The *General Fund* is the Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Town reports the following major proprietary fund:

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule, if applicable, are payments-in-lieu of taxes and other charges between the government's enterprise operations. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are user charges for the services provided by the enterprise funds. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted or unassigned resources as they are needed.

When restricted, committed, assigned, or unassigned fund balances are available for use, the Town considers amounts to have been spent first out of restricted funds, and then committed funds, then assigned funds, and finally unassigned funds as needed, unless it has been provided for otherwise in the restriction, commitment, or assignment action.

**C. Deposits and Investments**

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits, time deposits, and short-term investments with original maturities of three months or less from the date of acquisition. State law and the Town's investment policy allow the Town to invest in collateralized certificates of

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deposit, government-backed securities, commercial paper, the state-sponsored investment pool, and mutual funds consisting solely of government-backed securities.

Investments for the Town are reported at fair market value. The state investment pool, LAMP, operates in accordance with state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares. Investments are limited by Louisiana Revised Statute (R.S.) 33:2955 and the Town’s investment policy.

**D. Receivables and Payables**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade and property tax receivables are shown net of an allowance for uncollectible amounts.

Property taxes are levied on a calendar year basis and become due on January 1 of each year. The following is a summary of authorized and levied ad valorem taxes:

	<b>Authorized Millage</b>	<b>Levied Millage</b>	<b>Expiration Date</b>
General Corporate Purposes	4.77 mills	4.77 mills	None

Sales and use taxes are levied at one percent for perpetuity. The proceeds of this sales and use tax are dedicated to general corporate purposes.

**E. Inventories and Prepaid Items**

All inventories are valued at cost using the first-in/first-out method. Inventories of the governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

**F. Restricted Assets**

Certain proceeds of the enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets because their use is limited by applicable bond covenants. Additionally, funds held for customer’s meter deposits are also classified as restricted assets.

Certain amounts shown as governmental restricted assets are to be used for specified purposes, such as construction of capital assets and servicing capital leases. Such assets have been restricted by bond indenture, law, or contractual obligations.

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**G. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The municipality maintains a threshold level of \$500 or more for capitalizing capital assets.

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 outlays for capital assets and improvements are capitalized as projects are constructed. Effective for fiscal year 2019, the Town no longer capitalizes interest during the construction period on a prospective basis as per GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*.

All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Buildings & Improvements	20 - 40 Years
Vehicles and Equipment	5 - 15 Years
Furniture and Fixtures	5 - 10 Years
Computers and Software	5 Years
Infrastructure	20 - 40 Years
Gas System	20 - 40 Years
Water System	20 - 40 Years
Sewer System	20 - 40 Years

**H. Compensated Absences**

The Town has the following policy related to vacation and sick leave:

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

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

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

**I. Long-Term Obligations**

In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs, whether or not withheld from the actual debt proceeds received, are now expended in the period incurred under GASB 65.

The Town has implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, and with the implementation of GASB 65, the recognition of bond-related costs, including the costs related to issuance and refunding of debt, were revised. This standard was intended to compliment GASB Statement No. 63 *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. Bond issuance costs, whether or not withheld from the actual debt proceeds received, are now expended in the period incurred under GASB 65. The Town had \$29,894 in bond related costs in the year ending December 31, 2020 related to Utility System Revenue Bonds Series 2020.

In the fund financial statements, governmental fund types recognize bond premiums and discounts as well as bond issuance costs during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**J. Net Position and Fund Equity**

GASB Statement No. 34, *Basic Financial Statements, Management's Discussion and Analysis, for State and Local Governments*, required reclassification of net assets into three separate components. GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, revised the terminology by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. GASB Statement No. 63 requires the following components of net position:

- **Net Investment in Capital Assets Component of Net Position** – The *net investment in capital assets* component of net position includes capital assets, net of accumulated depreciation, reduced by the outstanding balance of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also should be included in the component of net position. If there are significant unspent proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt or deferred inflows or resources should be included in the same net position component (restricted or unrestricted) as the unspent amount.
- **Restricted Component of Net Position** - The *restricted* component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Generally, a liability relates to restricted assets if the asset results from a resource flow

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that also results in the recognition of a liability or if the liability will be liquidated with the restricted assets reported.

- **Unrestricted Component of Net Position** - The *unrestricted* component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

In the fund statements, governmental fund equity is classified as fund balance. The Town adopted GASB 54 for the year ended December 31, 2011. As such, fund balances of governmental funds are classified as follows:

- **Nonspendable.** These are amounts that cannot be spent either, because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.
- **Restricted.** These are amounts that can be spent only for specific purposes, because of constitutional provisions, enabling legislation or constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
- **Committed.** These are amounts that can be used only for specific purposes determined by a formal decision of the Board, which is the highest level of decision-making authority for the Town.
- **Assigned.** These are amounts that do not meet the criteria to be classified as restricted or committed, but are intended to be used for specific purposes based on the discretion of the Board.
- **Unassigned.** These are amounts that have not been assigned to other funds and amounts that have not been restricted, committed, or assigned to specific purposes within the general fund. Also, within other governmental funds, these include expenditure amounts incurred for specific purposes which exceed the amounts restricted, committed, or assigned for those purposes.

**K. Comparative Data/Reclassifications**

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation. All prior period adjustments recorded in the current period have been reflected in prior period data presented wherever possible.

**L. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events within the control of the municipality, which are either unusual in nature or infrequent in occurrence.

**M. Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of

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the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

**N. Reconciliations of Government-Wide and Fund Financial Statements**

Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position is presented in Statement D of the basic financial statements. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities is presented in Statement F of the basic financial statements.

**2. Stewardship, Compliance and Accountability**

The Town uses the following budget practices:

1. The Town Clerk prepares a proposed budget and submits same to the Mayor and Board of Aldermen no later than fifteen days prior to the beginning of each fiscal year.
2. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
5. Budgetary amendments involving the transfer of funds from one department, program or function to another or involving the increase in expenditures resulting from revenues exceeding amounts estimated require the approval of the Board of Aldermen.
6. All budgetary appropriations lapse at the end of each fiscal year.
7. Budgets for the general and enterprise funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgets for enterprise funds are presented on the accrual basis of accounting. Other governmental funds are presented on the modified accrual basis of accounting. Accordingly, the budgetary comparison schedules present actual expenditures in accordance with the accounting principles generally accepted in the United States on a basis consistent with the legally adopted budgets as amended. All budgetary amounts presented reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budget during the year).

The General Fund had no actual expenditures and other uses over budgeted amounts resulting in unfavorable variances greater than five percent in accordance with the Local Government Budget Act for the fiscal year ended December 31, 2020. Actual revenues and other sources of the General Fund were below five percent of the budgeted amounts. This was due to budgeted grants were more than actually received.

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**3. Cash and Cash Equivalents**

At December 31, 2020, the Town has cash and cash equivalents (book balances) as follows:

	<b>December 31, 2020</b>	<b>December 31, 2019</b>
Cash on Hand	\$ 100	\$ 100
Demand Deposits	5,176,631	7,706,002
Time and Savings	35	35
Total Cash and Cash Equivalents	5,176,766	7,706,137
Other Deposits:		
Louisiana Asset Management Pool (See Note 4)	141,125	140,216
Total Deposits	\$ 5,317,891	\$ 7,846,353

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Even though the pledged securities may be considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the municipality that the fiscal agent has failed to pay deposited funds upon demand.

Custodial credit risk as it relates to cash deposits is the risk that in the event of a bank failure, the government's deposits may not be returned. The Town does not have a formal policy for custodial risk. At December 31, 2020, the Town has \$5,190,973 in deposits (collected bank balances other than LAMP), consisting of \$3,188,736 in demand deposits and \$2,002,237 in time deposits. The deposits at the first bank totaling \$34 are secured from risk by the Trust Department of the respective bank, and at December 31, 2020 consisted of U.S. Treasury Obligations. The deposits at the second bank totaling \$2,002,203 are secured from risk by the Trust Department of the respective bank, and at December 31, 2020 consisted of U.S. Treasury Obligations. The deposits at the third bank totaling \$3,188,736 are secured from risk by \$250,000 of federal deposit insurance and \$2,938,735 of pledged securities. The \$2,938,735 is exposed to custodial credit risk because while the amount is secured by pledged securities, such securities are held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

**4. Investments**

Investments are categorized into these three categories of credit risk:

1. Insured or registered, or securities held by the town or its agent in the Town's name
2. Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the Town's name
3. Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the Town's name

The Town's investments are carried at fair value, except nonparticipating investment contracts which are reported at cost.

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*Interest Rate Risk:* The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value arising from increasing interest rates.

There were no investments held by the Town at December 31, 2020, other than LAMP which are carried as cash and cash equivalents.

At December 31, 2020, the Town’s investment balances were as follows:

	<b>Carrying Amount</b>	<b>Fair Market Value</b>
Louisiana Asset Management Pool	\$ 141,125	\$ 141,125
Total	\$ 141,125	\$ 141,125

LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities 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 in accordance with LA-R.S. 33:2955.

GASB 40, *Deposit and Investment Risk Disclosure*, requires disclosure of credit risk, custodial credit risk, concentration of credit risk interest rate risk, and foreign currency risk for all public entity investments.

LAMP is an investment pool that, to the extent practical, invests in a manner consistent with GASB Statement No. 79. The following facts are relevant for investment pools:

1. Credit risk: LAMP is rated AAAM by Standards and Poor’s.
2. Custodial credit risk: LAMP participants’ investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity’s investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.
3. Concentration of credit risk: Pooled investments are excluded from the five percent disclosure requirement.
4. Interest rate risk: LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate risk disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days or 762 days for U.S. Government floating/variable rate investments. The WAM for LAMP’s total investments, as provided by LAMP, is 47 days as of December 31, 2020.
5. Foreign currency risk: Not applicable.

The investments in LAMP are stated at fair value. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the net asset value of the pool shares.

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company. If you have any questions, please feel free to contact LAMP administrative office at (800) 249-5267.

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**5. Receivables**

Major receivables balances for the governmental activities include sales taxes, franchise taxes, occupational licenses, and fines. Business-type activities report utilities earnings as their major receivable.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as sales tax, franchise taxes, occupational licenses, fines, and other similar intergovernmental revenues since they are usually both measurable and available. Utility accounts receivable comprise the majority of proprietary fund receivables.

Proprietary fund revenues consist of all revenues earned at year-end and not yet received. Utility accounts receivable comprise the majority of proprietary fund receivables. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging and write-off of accounts receivable.

The Governmental Fund receivables at December 31, 2020 consist of the following:

<b>Government Receivables</b>	<u><b>General Fund</b></u>
Taxes:	
Ad Valorem	\$ 31,127
Public Utility Franchise	39,866
Sales and Use Tax	45,668
Intergovernmental:	
State of Louisiana, Beer Tax Distribution	2,634
Other Receivables	204
Capital Lease Proceeds	62,608
Royalties	207
<b>Total Government Receivables</b>	<u><u>\$ 182,314</u></u>

The Enterprise Fund accounts receivable at December 31, 2020 consists of the following:

	<u><b>Enterprise Fund</b></u>
Accounts Receivable	
Current	\$ 252,765
31 - 60 Days	58,981
61 - 90 Days	23,259
Over 90 Days	153,699
Subtotal	488,704
Less Allowance for Bad Debt	(138,291)
Accounts Receivables, Net	350,413
Accrued Billings	-
<b>Total Accounts Receivable</b>	<u><u>\$ 350,413</u></u>

For the fiscal year ended December 31, 2020, there was no bad debt expense recorded. The uncollectible allowance was in excess of the receivables due over 90 days. During the fiscal year, the Town evaluated and improved the utility billing procedures. The Town is still analyzing some past due accounts to determine the collectability. Bad debt expense was \$27,709.

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**6. Interfund Receivables/Payables**

The following is a detailed list of inter-fund balances reported in the fund financial statements on December 31, 2020:

<b>Interfund Balances</b>	<b>Due From Other Funds</b>	<b>Due To Other Funds</b>
General Fund	\$ 201,779	\$ -
Enterprise Fund	-	(201,779)
<b>Total Interfund Balances</b>	<b>\$ 201,779</b>	<b>\$ (201,779)</b>

The balance due between funds represents payroll and sanitation fees due to the General Fund from the Enterprise Fund at December 31, 2020.

**7. Restricted Assets**

Restricted assets for the Governmental Funds and Enterprise Fund at December 31, 2020 and 2019 were as follows:

	<b>December 31, 2020</b>	<b>December 31, 2019</b>
Restricted Cash and Cash Equivalents		
Enterprise Fund		
Customer Deposits	\$ 211,843	\$ 203,321
Bond Sinking Account	312,688	270,062
Series 2019 Construction	1,748,369	4,882,455
<b>Total Restricted Assets</b>	<b>\$ 2,272,900</b>	<b>\$ 5,355,838</b>

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**8. Capital Assets**

Capital assets and depreciation activity as of and for the year ended December 31, 2020 for governmental activities is as follows:

<b>Governmental Activities Capital Assets:</b>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Adjustments</u>	<u>Ending Balance</u>
Capital Assets Not Being Depreciated:					
Land	\$ 138,634	\$ -	\$ -	\$ -	\$ 138,634
Construction in Progress	38,044	-	-	-	38,044
<b>Total Capital Assets Not Being Depreciated</b>	<u>176,678</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>176,678</u>
Capital Assets Being Depreciated:					
Buildings and Improvements	914,213	39,356	-	-	953,569
Parks and Improvements	1,532,196	-	-	-	1,532,196
Sidewalk Improvements	517,882	-	-	-	517,882
Vehicles	1,101,987	82,349	-	-	1,184,336
Machinery and Equipment	618,689	21,442	-	-	640,131
Furniture and Fixtures	27,270	-	-	-	27,270
Computers and Software	45,852	-	-	-	45,852
Infrastructure	1,064,673	-	-	-	1,064,673
<b>Total Capital Assets Being Depreciated</b>	<u>5,822,762</u>	<u>143,147</u>	<u>-</u>	<u>-</u>	<u>5,965,909</u>
Less Accumulated Depreciation for:					
Buildings and Improvements	555,089	24,881	-	-	579,970
Parks and Improvements	750,320	66,593	-	-	816,913
Sidewalk Improvements	313,934	25,894	-	-	339,828
Vehicles	929,227	43,122	-	-	972,349
Machinery and Equipment	541,190	30,204	-	-	571,394
Furniture and Fixtures	26,470	229	-	-	26,699
Computers and Software	43,246	739	-	-	43,985
Infrastructure	283,042	52,106	-	-	335,148
<b>Total Accumulated Depreciation</b>	<u>3,442,518</u>	<u>243,768</u>	<u>-</u>	<u>-</u>	<u>3,686,286</u>
<b>Total Capital Assets Being Depreciated, Net</b>	<u>2,380,244</u>	<u>(100,621)</u>	<u>-</u>	<u>-</u>	<u>2,279,623</u>
<b>Total Governmental Activities Capital Assets, Net</b>	<u>\$ 2,556,922</u>	<u>\$ (100,621)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,456,301</u>

Depreciation was charged to governmental functions as follows:

General Government	\$ 9,192
Public Safety - Police Protection	30,031
Public Safety - Fire Protection	16,768
Public Works - Streets	89,650
Parks and Recreation	98,127
	<u>\$ 243,768</u>

Governmental Activities capital assets increased by \$143,147 before depreciation of \$243,768, with increases consisting of \$39,356 in building improvements for Town Hall renovations, \$2,760 for equipment for recreation, \$82,349 for police vehicles and related equipment, \$8,083 for street department equipment, and \$10,600 for fire department equipment.

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Included in vehicles are two Chevy Tahoes acquired in a previous fiscal period which are all financed under a capital lease in the gross amount of \$62,608 with related accumulated depreciation of \$19,827.

Capital assets and depreciation activity as of and for the year ended December 31, 2020 for business-type activities is as follows:

<b>Business - Type Activities Capital Assets:</b>	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Adjustments</b>	<b>Ending Balance</b>
Capital Assets Not Being Depreciated:					
Construction in Progress	\$ 241,200	\$ 4,213,310	\$ -	\$ -	\$ 4,454,510
Total Capital Assets Not Being Depreciated	<u>241,200</u>	<u>4,213,310</u>	<u>-</u>	<u>-</u>	<u>4,454,510</u>
Capital Assets Being Depreciated:					
Buildings and Improvements	339,947	-	-	-	339,947
Vehicles	167,968	-	-	-	167,968
Machinery and Equipment	415,394	10,613	-	-	426,007
Furniture and Fixtures	15,145	520	-	-	15,665
Computers and Software	37,226	-	-	-	37,226
Gas Utility System	574,654	-	-	-	574,654
Water Utility System	5,267,405	-	-	-	5,267,405
Sewer Utility System	9,817,564	41,505	-	-	9,859,069
Total Capital Assets Being Depreciated	<u>16,635,303</u>	<u>52,638</u>	<u>-</u>	<u>-</u>	<u>16,687,941</u>
Less Accumulated Depreciation for:					
Buildings and Improvements	119,738	9,002	-	-	128,740
Vehicles	131,744	13,757	-	-	145,501
Machinery and Equipment	193,871	23,671	-	-	217,542
Furniture and Fixtures	14,590	237	-	-	14,827
Computers and Software	36,925	139	-	-	37,064
Gas Utility System	382,013	10,953	-	-	392,966
Water Utility System	2,167,846	130,881	-	-	2,298,727
Sewer Utility System	4,016,031	212,042	-	-	4,228,073
Total Accumulated Depreciation	<u>7,062,758</u>	<u>400,682</u>	<u>-</u>	<u>-</u>	<u>7,463,440</u>
Total Capital Assets Being Depreciated, Net	<u>9,572,545</u>	<u>(348,044)</u>	<u>-</u>	<u>-</u>	<u>9,224,501</u>
<b>Total Business - Type Activities Capital Assets, Net</b>	<b>\$ 9,813,745</b>	<b>\$ 3,865,266</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 13,679,011</b>

Capital assets for business-type activities capital assets increased by \$4,265,948 before depreciation of \$400,682. Significant additions included \$4,170,531 for construction expenditures for the Red Oak sewer treatment plant project, \$42,779 for the Texas Street Force Main Project, \$41,505 for sewer pumps, \$5,907 related to generator installation at various lift stations, \$4,706 for equipment for the utility departments, and \$520 for an office desk.

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**9. Interfund Transfers**

<b>Interfund Transfers</b>	<u>Transfers In</u>	<u>Transfers Out</u>
<b>General Fund</b>		
Enterprise Fund	\$ 300,000	\$ -
<b>Enterprise Fund</b>		
General Fund	-	300,000
<b>Total Interfund Transfers</b>	<u>\$ 300,000</u>	<u>\$ 300,000</u>

The primary reason for the transfers between the General Fund and the Enterprise Fund was to fund operating requirements per budget approvals.

**10. Accounts, Salaries, and Other Payables**

Fund payables at December 31, 2020 are as follows:

	<u>General Fund</u>	<u>Enterprise Fund</u>	<u>Total</u>
Accounts	\$ 46,410	\$ 94,550	\$ 140,960
Accrued Salaries	28,611	17,633	46,244
Construction Payable	-	273,845	273,845
Employee Benefits	36,739	-	36,739
Customers	-	5,655	5,655
Accrued Interest	-	136,401	136,401
Retainage Payable	-	198,381	198,381
Unclaimed Property	939	710	1,649
State Tax	-	(6,185)	(6,185)
	<u>\$ 112,699</u>	<u>\$ 720,990</u>	<u>\$ 833,689</u>

**11. Short-Term Debt**

The Town had no short-term debt outstanding at December 31, 2020, other than the current portion of revenue bonds payable and capital leases.

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**12. Leases**

The Town records items under capital leases as an asset and an obligation in the accompanying financial statements. At December 31, 2020, the Town had the following capital lease.

	<b>Capital Lease Payable End of Year</b>	<b>Due Within One Year</b>
<p>The Town entered into a lease purchase agreement to purchase the following items - (2) 2019 Chevy Tahoes and 2019 Dodge Ram for a total lease amount of \$100,744. The lease is payable in four annual payments of \$27,172.90 on the first day of every October. The assets are being depreciated over their estimated useful lives of five years. 62% of this lease is recorded within the governmental funds as a capital lease in the General Fund. The remaining 38% is recorded in the Enterprise Fund.</p>	\$ 50,970	\$ 24,938
	\$ 50,970	\$ 24,938

The Town of Livingston has an operating lease on a copier for sixty months beginning in March 3, 2016 for 60 months at a monthly minimum payment of \$467.

**13. Long-Term Obligations**

The following is a summary of long-term obligation transactions for the year ended December 31, 2020:

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total Long-Term Obligations</b>
	<b>Capital Leases</b>	<b>Rev Bonds / Cert of Indebt.</b>	<b>Capital Leases</b>	<b>Rev Bonds / Cert of Indebt.</b>	
Beginning Balance	\$ 61,273	\$ -	\$ 55,548	\$ 9,385,000	\$ 9,501,821
Additions	-	-	-	590,000	590,000
Deletions	(29,525)	-	(36,326)	(160,000)	(225,851)
Total Debt	31,748	-	19,222	9,815,000	9,865,970
Less: Unamortized Premium (Discount)	-	-	-	272,432	272,432
Total Long Term Debt	\$ 31,748	\$ -	\$ 19,222	\$ 10,087,432	\$ 10,138,402

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The following is a summary of the current (due in one year or less) and the long-term (due in more than one year) portions of the long-term obligations:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>
	<u>Capital Leases</u>	<u>Rev Bonds / Cert of Indebt.</u>	<u>Capital Leases</u>	<u>Rev Bonds / Cert of Indebt.</u>	<u>Long-Term Obligations</u>
Current Portion	\$ 15,462	\$ -	\$ 9,476	\$ 200,000	\$ 224,938
Long-Term Portion	16,286	-	9,746	9,615,000	9,641,032
	<u>\$ 31,748</u>	<u>\$ -</u>	<u>\$ 19,222</u>	<u>\$ 9,815,000</u>	<u>\$ 9,865,970</u>

Bonds Payable as of December 31, 2020 are as follows:

	<u>Bonds Payable</u>	<u>Due Within One</u>
	<u>End of Year</u>	<u>Year</u>
Business Type Fund: \$ 4,485,000 Series 2016 Utility Revenue Refunding Bonds Dated 8/10/2016 due in annual installments of principal ranging from \$125,000 in 2017 to \$265,000 in 2041 and sixty semiannual installments of interest averaging \$48,043 at rates of interest ranging from 2.0 to 4.0%	\$ 3,970,000	\$ 135,000
Business Type Fund: \$ 5,285,000 Series 2019 Utility Revenue Bonds Dated 5/15/2019 due in annual installments of principal ranging from \$30,000 in 2020 to \$500,000 in 2049 and sixty semiannual installments of interest averaging \$62,970 at rates of interest ranging from 2.0 to 3.375%	5,255,000	65,000
Business Type Fund: \$ 590,000 Series 2020 Utility Revenue Bonds Dated 6/17/2020 due in annual installments of principal ranging from \$2,000 in 2022 to \$523,000 in 2050 and sixty semiannual installments of interest averaging \$8,300 at an interest rate of 3.0%	590,000	-
	<u>\$ 9,815,000</u>	<u>\$ 200,000</u>

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The annual requirements to amortize all debt outstanding at December 31, 2020, are presented below. Remaining interest payments of \$5,885,271 are included.

Year Ending 12/31/20	Series 2016 Revenue Bonds \$4,485,000			Series 2019 Revenue Bonds \$5,285,000			Series 2020 Revenue Bonds \$590,000		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2021	\$ 135,000	\$ 142,250	\$ 277,250	\$ 65,000	\$ 166,763	\$ 231,763	\$ -	\$ 17,700	\$ 17,700
2022	135,000	138,200	273,200	70,000	165,413	235,413	2,000	17,670	19,670
2023	145,000	134,150	279,150	65,000	164,063	229,063	2,000	17,610	19,610
2024	145,000	129,800	274,800	70,000	162,713	232,713	2,000	17,550	19,550
2025	150,000	125,450	275,450	70,000	161,138	231,138	2,000	17,490	19,490
2026 to 2030	820,000	555,650	1,375,650	395,000	776,788	1,171,788	10,000	86,550	96,550
2031 to 2035	990,000	388,700	1,378,700	445,000	717,278	1,162,278	10,000	85,050	95,050
2036 to 2040	1,185,000	186,250	1,371,250	530,000	642,325	1,172,325	12,000	83,490	95,490
2041 to 2045	265,000	10,600	275,600	1,640,000	487,181	2,127,181	15,000	81,375	96,375
2046 to 2050	-	-	-	1,905,000	131,372	2,036,372	535,000	71,325	606,325
	<u>\$ 3,970,000</u>	<u>\$ 1,811,050</u>	<u>\$ 5,781,050</u>	<u>\$ 5,255,000</u>	<u>\$ 3,575,034</u>	<u>\$ 8,830,034</u>	<u>\$ 590,000</u>	<u>\$ 495,810</u>	<u>\$ 1,085,810</u>

Year Ending 12/31/20	Capital Leases \$100,744			Total		
	Principal	Interest	Total	Principal	Interest	Total
2021	\$ 24,938	\$ 2,235	\$ 27,173	\$ 224,938	\$ 328,948	\$ 553,886
2022	26,031	1,142	27,173	233,031	322,425	555,456
2023	-	-	-	212,000	315,823	527,823
2024	-	-	-	217,000	310,063	527,063
2025	-	-	-	222,000	304,078	526,078
2026 to 2030	-	-	-	1,225,000	1,418,988	2,643,988
2031 to 2035	-	-	-	1,445,000	1,191,028	2,636,028
2036 to 2040	-	-	-	1,727,000	912,065	2,639,065
2041 to 2045	-	-	-	1,920,000	579,156	2,499,156
2046 to 2049	-	-	-	2,440,000	202,697	2,642,697
	<u>\$ 50,969</u>	<u>\$ 3,377</u>	<u>\$ 54,346</u>	<u>\$ 9,865,969</u>	<u>\$ 5,885,271</u>	<u>\$ 15,751,240</u>

**14. Flow of Funds, Restrictions on Use – Enterprise Fund and Government Fund Bonds**

During the fiscal year ending December 31, 2011, all existing debt was refunded as part of the issuance of the \$4,725,000 Series 2011 Utility Revenue Bond. The Series 2011 Utility Revenue Bonds provided funding for new construction and refunding of existing debt restated and presented for the final year of construction improvements.

\$3,700,000 of this bond was pledged for construction. At December 31, 2020, all of the pledged funds for construction had been used for construction purposes, including \$554,360 for construction period interest to date. Remaining uses of funds included \$433,722 for refunding of the Series 2006 Certificates of Indebtedness, \$310,204 to fully fund the Series 2011 Debt Reserve Fund, with the remaining \$264,612 reserved for bond issuance costs.

The 2011 Series Revenue Bonds provided funding “to construct and acquire improvements to the combined utility systems owned and operated by the Issuer, including the necessary sites, rights-of-ways, machinery and equipment, to provide sufficient funds to refund the outstanding principal amount of the Certificates of Indebtedness, Series 2006, to provide funds to pay the cost of issuance and to fund a reserve.

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During 2016, the Town issued \$4,485,000 in Utility Systems Revenue Refunding Bonds, Series 2016 at a premium of \$422,253 for the purpose of refunding the outstanding Series 2011 bonds which totaled \$4,270,000 and paying the costs of issuance of the bonds. \$4,749,662 of the bond proceeds and \$310,204 of reserve funds were used to purchase US government securities. These securities were deposited in an irrevocable trust with an escrow agent to provide for the 2018 to 2041 debt service payments on the 2016 utility revenue bonds. These bonds maturing August 1, 2022 and thereafter will be called on August 1, 2021 at a price equal to the principal amount thereof (\$3,760,000) plus accrued interest to the call date. As a result, the \$4,270,000 of Series 2011 revenue bonds were considered in-substance defeased and the liability for those bonds was removed from the Town's books at December 31, 2016.

The Series 2016 bonds are payable solely from and secured by an irrevocable pledge and dedication of the Town's revenues collected by the Town from the fees and service charges levied by the Town through its operation of the Sewer System, Waterworks System, and Natural Gas System, and such revenues, after the payment of all operation and maintenance expenses with respect to the Sewer System, Waterworks System, and Natural Gas System, and do not constitute an indebtedness or pledge of the general credit of the issuer within the meaning of any constitutional or statutory provision relating to the incurring of indebtedness. Total interest expense on all revenue bonds, for the fiscal year ending December 31, 2020, equaled \$339,604. The gross utility systems revenue recognized in the current period was \$2,655,086.

Under the terms of the bond, a "Sinking Fund" must be maintained with the paying agent for the outstanding bonds, sufficient in amount to pay promptly and fully the principal of and the interest on the bonds. This Town must deposit funds into the sinking fund, on or before the twentieth (20<sup>th</sup>) day of each month, a sum equal to one-sixth of the amount required to pay the interest payable and one-twelfth of the amount required to pay the principal due on the Bonds on the next payment date to the sinking fund each month. At December 31, 2020 the Sinking Fund was fully-funded at \$115,891. Following any draw on the Reserve Fund, the Town must also transfer an amount equal to one-twelfth of the amount necessary to cause the amount of cash in the Reserve Fund to equal the Reserve Requirement in twelve months.

The Reserve Fund shall be held by the paying agent and used to receive funds in an amount, or a debt service reserve fund surety policy, which meets the Reserve Fund requirement. The deposits in the Reserve Fund shall be held in trust as security for the payment of principal and interest on the Bonds. The Town obtained a Municipal Bond Debt Service Reserve Insurance Policy at the time of the bond closing. This policy meets the Reserve Fund requirement; therefore, there is no Reserve Fund required.

The Issuer, through its Governing Authority by the Ordinance has covenanted to fix, establish, maintain, and collect such rates, fees, rents, or other charges for the services and facilities of the Utility Systems, and all parts thereof, and to revise the same from time to time whenever necessary, as will always provide revenues in each Fiscal Year sufficient to pay operation and maintenance expense of the Utility Systems in each Fiscal Year and as will provide Pledged Revenues at least equal to 125% of the maximum Annual Principal and Interest Requirements, for the Bonds falling due in such year plus the payment on all bonds or other obligations payable from the Utility Systems and as will provide revenues at least sufficient to pay all reserve or sinking funds or other payments required for such Fiscal Year by the Ordinance and all obligations or indebtedness payable out of the Pledged Revenues during such year, and that such rates, fees, rents, or other charges shall not at any time be reduced as to be insufficient to provide adequate Pledged Revenues for such purposes. For the fiscal year ending December 31, 2020, Net Revenues were computed to be above the 125% threshold of the average annual debt service requirements on all bonds held outstanding for the system at a computed ratio of 227 percent.

On May 15, 2019, the Town issued \$5,285,000 in Utility Systems Revenue Bonds, Series 2019 for the purpose of "financing the construction of a new sewage treatment plant and refurbishing the Town's existing sewage treatment plant to increase capacity; funding a debt service reserve fund with the

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purchase of a surety bond; financing the costs of issuance of the Bonds; and acquiring a municipal bond insurance policy. This Series was issued at a discount of \$64,361.

The Series 2019 bonds are payable solely from and secured by an irrevocable pledge and dedication of the Town's revenues collected by the Town from the fees and service charges levied by the Town through its operation of the Sewer System, Waterworks System, and Natural Gas System, and such revenues, after the payment of all operation and maintenance expenses with respect to the Sewer System, Waterworks System, and Natural Gas System, and do not constitute an indebtedness or pledge of the general credit of the issuer within the meaning of any constitutional or statutory provision relating to the incurring of indebtedness. Total interest expense on all revenue bonds, for the fiscal year ending December 31, 2020, equaled \$339,604. The gross utility systems revenue recognized in the current period was \$2,655,086.

Under the terms of the bond, a "Sinking Fund" must be maintained with the paying agent for the outstanding bonds, sufficient in amount to pay promptly and fully the principal of and the interest on the bonds. This Town must deposit funds into the sinking fund, on or before the twentieth (20<sup>th</sup>) day of each month, a sum equal to one-twelfth of the amount required to pay the interest payable and principal due on the Bonds on the next payment date to the sinking fund each month. At December 31, 2020 the Sinking Fund was fully-funded at \$129,565. Following any draw on the Reserve Fund, the Town must also transfer an amount equal to one-twelfth of the amount necessary to cause the amount of cash in the Reserve Fund to equal the Reserve Requirement in twelve months.

The Reserve Fund will be initially funded with a surety bond provided by the Bond Insurer. The Underwriter has represented in the Issue Price Certificate that the establishment of the Reserve Fund in the amount thereof (the "Reserve Fund Amount") is reasonably required, in that the establishment of the Reserve Fund at the time of funding equal to the Reserve Fund Amount was a material factor in selling the Bonds at the lowest possible Yields. This policy meets the Reserve Fund requirement; therefore, there is no Reserve Fund required.

The Issuer, through its Governing Authority, in the Ordinance covenants to fix, establish, maintain and collect, so long as any principal and interest is unpaid on the Bonds, such Revenues in each Fiscal Year sufficient to (i) pay the reasonable and necessary Operation and Maintenance Expenses in each Fiscal Year; (ii) provide Pledged Revenues in an amount sufficient to make required payments and deposits established for the benefit of the Outstanding Parity Obligations and maintained by the Ordinance for the payment of the principal and interest on the Bonds, the Outstanding Parity Obligations and any Additional Parity Obligations issued hereafter; (iii) provide Pledged Revenues in an amount equal to one hundred twenty-five percent (125%) of the Maximum Annual Debt Service; (iv) make all other payments required by the Ordinance; and (v) pay all other obligations or indebtedness payable out of the Pledged Revenues for such Fiscal Year. The Issuer further covenants that such rates, fees, rents or other charges shall not at any time be reduced so as to be insufficient to provide adequate Pledged Revenues for such purposes. For the fiscal year ending December 31, 2020, Net Revenues were computed to be above the 125% threshold of the average annual debt service requirements on all bonds held outstanding for the system at a computed ratio of 227 percent.

On June 17, 2020, the Town issued \$590,000 in Utility Systems Revenue Bonds, Series 2020 for the purpose of "financing the construction of a new sewage treatment plant and refurbishing the Town's existing sewage treatment plant to increase capacity; funding a debt service reserve fund with the purchase of a surety bond; financing the costs of issuance of the Bonds; and acquiring a municipal bond insurance policy. This Series was issued at a discount of \$14,756.

The Series 2020 bonds are payable solely from and secured by an irrevocable pledge and dedication of the Town's revenues collected by the Town from the fees and service charges levied by the Town through its operation of the Sewer System, Waterworks System, and Natural Gas System, and such revenues, after

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the payment of all operation and maintenance expenses with respect to the Sewer System, Waterworks System, and Natural Gas System, and do not constitute an indebtedness or pledge of the general credit of the issuer within the meaning of any constitutional or statutory provision relating to the incurring of indebtedness. Total interest expense on all revenue bonds, for the fiscal year ending December 31, 2020, equaled \$339,604. The gross utility systems revenue recognized in the current period was \$2,655,086.

Under the terms of the bond, a “Sinking Fund” must be maintained with the paying agent for the outstanding bonds, sufficient in amount to pay promptly and fully the principal of and the interest on the bonds. Amounts deposited into the Sinking Fund which are required to pay a portion of the next maturing principal of and next due interest on the Bonds are expected to be deposited monthly (but not more than one year prior to such payment). At December 31, 2020 the Sinking Fund was fully-funded at \$7,375.

The Reserve Fund will be initially funded with a surety bond provided by the Bond Insurer. The Underwriter has represented in the Issue Price Certificate that the establishment of the Reserve Fund in the amount thereof (the “Reserve Fund Amount”) is reasonably required, in that the establishment of the Reserve Fund at the time of funding equal to the Reserve Fund Amount was a material factor in selling the Bonds at the lowest possible Yields. This policy meets the Reserve Fund requirement; therefore, there is no Reserve Fund required.

The Issuer, through its Governing Authority, hereby covenants to fix, establish, maintain and collect, so long as any principal and interest is unpaid on the Bonds, such Revenues in each Fiscal Year sufficient to (i) pay the reasonable and necessary Operation and Maintenance Expenses in each Fiscal Year; (ii) provide Pledged Revenues in an amount sufficient to make required payments and deposits established for the benefit of the Prior Bonds and maintained by this Ordinance for the payment of the principal and interest on the Bonds, the Prior Bonds and any Additional Parity Obligations issued hereafter; (iii) provide Pledged Revenues in an amount equal to one hundred twenty-five percent (125%) of the Maximum Annual Debt Service; (iv) make all other payments required by this Ordinance; and (v) pay all other obligations or indebtedness payable out of the Pledged Revenues for such Fiscal Year. The Issuer further covenants that such rates, fees, rents or other charges shall not at any time be reduced so as to be insufficient to provide adequate Pledged Revenues for such purposes. For the fiscal year ending December 31, 2020, Net Revenues were computed to be above the 125% threshold of the average annual debt service requirements on all bonds held outstanding for the system at a computed ratio of 227 percent.

## **15. Retirement Systems**

Substantially all employees of the Town of Livingston are members of the following statewide retirement systems: Municipal Employees Retirement System of Louisiana or Municipal Police Employees Retirement System of Louisiana. These systems are a cost-sharing, multiple-employer public employee retirement system (PERS), controlled and administered by a separate board of trustees.

The Town implemented Governmental Accounting Standards Board (GASB) Statement 68 on *Accounting and Financial Reporting for Pensions* and Statement 71 on *Pension Transition for Contributions Made Subsequent to the Measurement Date* –an amendment of GASB 68. These standards require the Town to record its proportional share of each of the pension plans’ net pension liability and report the following disclosures:

### **A. Municipal Employee Retirement System of Louisiana (System)**

*Plan Description.* The System was established and provided for by R.S. 11:1731 of the Louisiana Revised Statutes (LRS). The System provides retirement benefits to employees of all incorporated villages, towns, and cities within the State which do not have their own retirement system and which elect to become members of the system.

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Membership is mandatory as a condition of employment beginning on the date employed if the employee is on a permanent basis working at least thirty-five hours per week. Those individuals paid jointly by a participating employer and the parish are not eligible for membership in the System with exceptions as outlined in the statutes.

The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the municipality are members of Plan B.

Retirement Benefits:

Benefit provisions are authorized within Act 356 of the 1954 regular session and amended by LRS 11:1756-11:1785. The following brief description is of the plan and its benefits and is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

Any member of Plan B who commenced participation in the System prior to January 1, 2013 can retire providing he meets one of the following criteria:

1. Any age with thirty (30) years of creditable service.
2. Age 60 with a minimum of ten (10) or more years of creditable service.

Generally, the monthly amount of the retirement allowance for any member of Plan B shall consist of an amount equal to two percent of the member's monthly average final compensation multiplied by his years of creditable service. Final compensation is the average monthly earnings during the highest sixty consecutive months or joined months if service was interrupted. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts.

Any member of Plan B Tier 2 shall be eligible for retirement if he meets one of the following requirements:

1. Age 67 with seven (7) years of creditable service.
2. Age 62 with ten (10) years of creditable service.
3. Age 55 with thirty (30) years of creditable service.
4. Any age with twenty-five (25) years of creditable service, exclusive of military service and unused annual sick leave, with an actuarially reduced early benefit.

The monthly amount of the retirement allowance for any member of Plan B Tier 2 shall consist of an amount equal to two percent of the member's final compensation multiplied by his years of creditable service. Final average compensation is the average monthly earnings during the highest sixty consecutive months, or joined months if service was interrupted. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts.

Survivor Benefits:

Upon death of any member of Plan B with five (5) or more years of creditable service, not eligible for normal retirement, the plan provides for benefits for the surviving spouse as outlined in the statutes.

Any member of Plan B who is eligible for normal retirement at time of death and who leaves a surviving spouse will be deemed to have retired and selected Option 2 benefits on behalf of the surviving spouse on the date of death. Such benefits will begin only upon proper application and are paid in lieu of any other survivor benefits.

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DROP Benefits:

In lieu of terminating employment and accepting a service retirement allowance, any member of Plan A or B who is eligible to retire may elect to participate in the deferred retirement option plan (DROP) for up to three years and defer the receipt of benefits. During participation in the plan, employer contributions are payable but employee contributions cease. The monthly retirement benefits that would be payable, had the person elected to cease employment and receive a service retirement allowance, are paid into the DROP Fund. Interest is earned when the member has completed DROP participation. Interest earnings are based upon the actual rate of return on the investments identified as DROP funds for the period. In addition, no cost-of-living increases are payable to participants until employment which made them eligible to become members of the System has been terminated for at least one full year.

Upon termination of employment prior to or at the end of the specified period of participation, a participant in the DROP may receive, at his option, a lump sum from the account equal to the payments into the account, a true annuity based upon his account balance in that fund, or any other method of payment if approved by the board of trustees. If a participant dies during the participation in the DROP, a lump sum equal to the balance in his account shall be paid to his named beneficiary or, if none, to his estate. If employment is not terminated at the end of the three years, payments into the DROP fund cease and the person resumes active contributing membership in the System.

Disability Benefits:

For Plan B, a member shall be eligible to retire and receive a disability benefit if he has at least ten years of creditable service, is not eligible for normal retirement, and has been officially certified as disabled by the State Medical Disability Board. Upon retirement caused by disability, a member of Plan B shall be paid a disability benefit equal to the lesser of (1) an amount equal to two percent of his final compensation multiplied by his years of creditable service, but not less than thirty percent of his final compensation, or (2) an amount equal to what the member's normal retirement benefit would be based on the member's current final compensation, but assuming the member remained in continuous service until his earliest normal retirement age and using those retirement benefit computation factors which would be applicable to the member's normal retirement.

Cost of Living Increases:

The System is authorized under state law to grant a cost of living increase to members who have been retired for at least one year. The adjustment cannot exceed 2% of the retiree's original benefit for each full calendar year since retirement and may only be granted if sufficient funds are available from investment income in excess of normal requirements. State law allows the System to grant an additional cost of living increase to all retirees and beneficiaries who are age sixty-five and above equal to 2% of the benefit being received on October 1, 1977, or the original benefit, if retirement commenced after that date.

Deferred Benefits:

Both Plans provide for deferred benefits for members who terminate before being eligible for retirement. Once the member reaches the appropriate age for retirement; benefits become payable. Benefits are based on statutes in effect at time of withdrawal.

The System issues an annual publicly available financial report that includes financial statements and required supplemental information for the System. That report may be obtained by writing to the Municipal Employees Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809, or calling (225) 925-4810 or at [www.mersla.com](http://www.mersla.com).

*Funding Policy.* Under Plan B, members are required by state statute to contribute five percent of their annual covered salary and the Town of Livingston is required to contribute at an actuarially determined rate. The current rate is 15.5 percent of annual covered payroll. Contributions to the System also include one-fourth of one percent (except Orleans) of the taxes shown to be collectible by the tax rolls of each

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parish. Tax monies are apportioned between Plan A and Plan B in proportion to salaries of plan participants. Tax monies received from East Baton Rouge Parish are apportioned between the Municipal Employees' Retirement System and the Employees' Retirement System of the City of Baton Rouge. The System also receives revenue sharing funds each year as appropriated by the Legislature. These additional sources of income are used as additional employer contributions and considered support from non-employer contributing entities, but are not considered special funding situations. Non-employer contributions are recognized as revenue and excluded from pension expense for the year ended June 30, 2020. During the year ending December 31, 2020, the Town recognized revenue as a result of support received from non-employer contributing entities of \$25,318 for its participation in MERS-Plan B.

The Town of Livingston contributions to the System under Plan B for the years ending December 31, 2020 and 2019 were \$109,216, and \$93,171, respectively, equal to the required contributions for each year.

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:* At December 31, 2020, the Town reported a liability of \$825,097 for its proportionate share of the net pension liability of the System. The net pension liability was measured as of June 30, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contribution of all participating, actuarially determined. At June 30, 2020, the Town's proportion was 0.910476%, which was an increase of 0.075522% from its proportion measured as of June 30, 2019.

For the year ended December 31, 2020, the Town recognized pension expense for the MERS System of \$188,320 representing its proportionate share of the System's net expense, including amortization of deferred amounts.

At December 31, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to the MERS pension system from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 89,578	\$ (13,882)
Changes of Assumptions	25,571	-
Net difference between projected and actual earnings on pension plan investments	-	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions	39,850	(745)
Employer contributions subsequent to the measurement date	57,088	-
Total	<u>\$ 212,087</u>	<u>\$ (14,627)</u>

The Town reported a total of \$57,088 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2020 which will be recognized as a reduction in net pension liability in the year ended December 31, 2021.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

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<u>Year</u>	
2021	\$ 61,782
2022	\$ 45,060
2023	\$ 20,410
2024	\$ 13,120
	\$ 140,372

*Actuarial Assumptions.* A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2020 is as follows:

Valuation Date	June 30, 2020
Actuarial Cost Method	Entry Age Normal Cost
Expected Remaining Service Lives	3 years (Plan B)
Investment Rate of Return	6.95%
Inflation Rate	2.5%
Salary Increases, including	
Inflation and merit increases	
-1 to 4 years of service	7.4%
-More than 4 years of service	4.9%
Annuitant and beneficiary mortality	PubG-2010(B) Healthy Retiree Table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales.
Employee mortality	PubG-2010(B) Employee Table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales.
Disabled lives mortality	PubNS-2010(B) Disabled Retiree Table set equal to 120% for males and females with the full generational MP2018 scale.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing/diversification.

The target allocation and best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2020 are summarized in the following table:

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<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>
Public Equity	53%	2.33%
Public Fixed Income	38%	1.67%
Alternatives	9%	0.40%
Totals	<u>100%</u>	<u>4.40%</u>
Inflation		<u>2.60%</u>
Expected Arithmetic Nominal Rate		<u>7.00%</u>

The discount rate used to measure the total pension liability was 6.95% for the year ended June 30, 2020. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the PRSAC. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The effects of certain other changes in the net pension liability are required to be included in pension expense over the current and future periods. The effects on the total pension liability of (1) changes of economic and demographic assumptions or of other inputs and (2) differences between expected and actual experience are required to be included in pension expense in a systematic and rational manner over a closed period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees), determined as of the beginning of the measurement period. The effect on net pension liability of differences between the projected earnings on pension plan investments and actual experience with regard to those earnings is required to be included in pension expense in a systematic and rational manner over a closed period of five years, beginning with the current period.

*Sensitivity of the Employer's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate.* The following presents the net pension liability of the participating employers calculated using the discount rate of 6.95%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower, or one percentage point higher than the current rate as of June 30, 2020:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Rates	5.95%	6.95%	7.95%
Town of Livingston Share of NPL	\$ 1,098,358	\$ 825,097	\$ 593,881

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**B. Municipal Police Employees Retirement System of Louisiana (System)**

*Plan Description.* The Municipal Police Employees' Retirement System (System) is a cost-sharing multiple-employer defined benefit pension plan established by Act 189 of 1973 to provide retirement, disability, and survivor benefits to municipal police officers in Louisiana.

Membership is mandatory for any full-time police officer employed by a municipality of the State of Louisiana and engaged in law enforcement, empowered to make arrest, providing he does not have to pay social security and providing he meets the statutory criteria.

Retirement Benefits:

Benefit provisions are authorized within Act 189 of 1973 and amended by LRS 11:2211-11:2233. The following is a brief description of the plan and its benefits and is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

Membership Prior to January 1, 2013: A member is eligible for regular retirement after he has been a member of the System and has 25 years of creditable service at any age or has 20 years of creditable service and is age 50 or has 12 years creditable service and is age 55. A member is eligible for early retirement after he has been a member of the System for 20 years of creditable service at any age with an actuarially reduced benefit.

Benefit rates are three and one-third percent of average final compensation (average monthly earnings during the highest 36 consecutive months or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary.

Upon the death of an active contributing member, or disability retiree, the plan provides for surviving spouses and minor children. Under certain conditions outlined in the statutes, the benefits range from 40% to 60% of the member's average final compensation for the surviving spouse. In addition, each child under age 18 receives benefits equal to 10% of the member's average final compensation or \$200 per month, whichever is greater.

Membership Commencing January 1, 2013: Member eligibility for regular retirement, early retirement, disability and survivor benefits are based on Hazardous Duty and Non-Hazardous Duty sub plans. Under the Hazardous Duty sub plan, a member is eligible for regular retirement after he has been a member of the System and has 25 years of creditable service at any age or has 12 years of creditable service at age 55. Under the Non-Hazardous Duty sub plan, a member is eligible for regular retirement after he has been a member of the System and has 30 years of creditable service at any age, 25 years of creditable service at age 55, or 10 years of creditable service at age 60. Under both sub plans, a member is eligible for early retirement after he has been a member of the System for 20 years of creditable service at any age, with an actuarially reduced benefit from age 55.

Under the Hazardous and Non-Hazardous Duty sub plans, the benefit rates are 3% and 2½%, respectively, of average final compensation (average monthly earnings during the highest 60 consecutive months or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary.

Upon death of an active contributing member, or disability retiree, the plan provides for surviving spouses and minor children. Under certain conditions outlined in the statutes, the benefits range from 25% to 55% of the member's average final compensation for the surviving spouse. In addition, each child under age 18 receives 10% of average final compensation or \$200 per month whichever is greater. If deceased member had less than 10 years of service, beneficiary will receive a refund of employee contributions only.

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Cost of Living Adjustments:

The Board of Trustees is authorized to provide annual cost-of-living adjustments computed on the amount of the current regular retirement, disability, beneficiary or survivor's benefit, not to exceed 3% in any given year. The Board is authorized to provide an additional 2% COLA, computed on the member's original benefit, to all regular retirees, disability, survivors and beneficiaries who are 65 years of age or older on the cut-off date which determines eligibility.

No regular retiree, survivor or beneficiary shall be eligible to receive a cost-of-living adjustment until benefits have been received at least one full fiscal year and the payment of such COLA, when authorized, shall not be effective until the lapse of at least one-half of the fiscal year. Members who elect early retirement are not eligible for a cost of living adjustment until they reach regular retirement age.

A COLA may only be granted if funds are available from interest earnings in excess of normal requirements, as determined by the actuary.

Deferred Retirement Option Plan:

A member is eligible to elect to enter the deferred retirement option plan (DROP) when he is eligible for regular retirement based on the members' sub plan participation. Upon filing the application for the program, the employee's active membership in the System is terminated. At the entry date into the DROP, the employee and employer contributions cease. The amount to be deposited into the DROP account is equal to the benefit computed under the retirement plan elected by the participant at date of application. The duration of participation in the DROP is 36 months or less. If employment is terminated after the three-year period the participant may receive his benefits by lump sum payment or a true annuity. If employment is not terminated, active contributing membership into the System shall resume and upon later termination, he shall receive additional retirement benefit based on the additional service. For those eligible to enter DROP prior to January 1, 2004, DROP accounts shall earn interest subsequent to the termination of DROP participation at a rate of half of one percentage point below the percentage rate of return of the System's investment portfolio as certified by the actuary on an annual basis but will never lose money. For those eligible to enter DROP subsequent to January 1, 2004, an irrevocable election is made to earn interest based on the System's investment portfolio return or a money market investment return. This could result in a negative earnings rate being applied to the account.

If the member elects a money market investment return, the funds are transferred to a government money market account and earn interest at the money market rate.

Initial Benefit Option Plan:

In 1999, the State Legislature authorized the System to establish an Initial Benefit Option program. Initial Benefit Option is available to members who are eligible for regular retirement and have not participated in DROP. The Initial Benefit Option program provides both a one-time single sum payment of up to 36 months of regular monthly retirement benefit, plus a reduced monthly retirement benefit for life. Interest is computed on the balance based on same criteria as DROP.

The System issues an annual publicly available financial report that includes financial statements and required supplemental 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 (225) 929-7411 or at [www.lampers.org](http://www.lampers.org).

*Funding Policy.* According to state statute, the Town of Livingston is required to contribute at an actuarially determined rate but cannot be less than 9% of the employee's earnable compensation excluding overtime but including state supplemental pay. For the year ended June 30, 2020, total contributions due for employers and employees were 42.50%. The employer and employee contribution rates for members hired prior to January 1, 2013 and Hazardous Duty members hired after January 1,

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2013 were 32.50% and 10%, respectively. The employer and employee contribution rates for all Non-Hazardous Duty members hired after January 1, 2013 were 32.50% and 8%, respectively. The employer and employee contribution rates for members whose earnable compensation is less than or equal to poverty guidelines issued by the U.S. Department of Health and Human Services were 34.25% and 7.5%, respectively.

The System also receives insurance premium tax monies as additional employer contributions and considered support from a non-contributing entity. This tax is appropriated by the legislature each year based on an actuarial study. This additional source of income is used as additional employer contributions and considered support from non-employer contributing entities, but is not considered a special funding situation. Non-employer contributions are recognized as revenue and excluded from pension expense for the year ended June 30, 2020. During the year ending December 31, 2020, the Town recognized revenue as a result of support received from non-employer contributing entities of \$17,552 for its participation in MPERS.

The Town of Livingston contributions to the System under Plan B for the years ending December 31, 2020 and 2019 were \$82,529 and \$79,725, respectively, equal to the required contributions for each year.

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:* At December 31, 2020, the Town reported a liability of \$744,239 for its proportionate share of the net pension liability of the System. The net pension liability was measured as of June 30, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contribution of all participating, actuarially determined. At June 30, 2020, the Town's proportion was 0.085250%, which was an increase of 0.004497% from its proportion measured as of June 30, 2019.

For the year ended December 31, 2020, the Town recognized pension expense for the MPERS System of \$154,757 representing its proportionate share of the System's net expense, including amortization of deferred amounts.

At December 31, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to the MPERS pension system from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (29,315)
Changes of Assumptions	17,685	(18,367)
Net difference between projected and actual earnings on pension plan investments	89,286	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions	83,285	(180)
Employer contributions subsequent to the measurement date	41,706	-
Total	<u>\$ 231,962</u>	<u>\$ (47,862)</u>

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The Town reported a total of \$41,706 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2020 which will be recognized as a reduction in net pension liability in the year ended December 31, 2021.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year</u>	
2021	\$ 41,792
2022	\$ 57,739
2023	\$ 25,907
2024	\$ 16,956
	<u>\$ 142,394</u>

*Actuarial Assumptions.* A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2020 is as follows:

Valuation Date	June 30, 2020
Actuarial Cost Method	Entry Age Normal Cost
Investment Rate of Return	6.950%, net of investment expense
Expected Remaining Service Lives	4 years
Inflation Rate	2.50%
Salary increases, including inflation and merit	
1-2 years of service	12.30%
Over 2 years of service	4.70%
Mortality	<p>For annuitants and beneficiaries, the Pub-2010 Public Retirement Plan Mortality Table for Safety Below-Median Healthy Retirees multiplied by 115% for males and 125% for females, each with full generational projection using the MP2019 scale was used.</p> <p>For disabled lives, the Pub-2010 Public Retirement Plans Mortality Table for Safety Disable Retirees multiplied by 105% for males and 115% for females, each with full generational projection using the MP2019 scale was used.</p> <p>For employees, the Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Employees multiplied by 115% for males and 125% for females, each with full generational projection using the MP2019 scale was used.</p>
Cost of Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the System and

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includes previously granted cost-of-living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.

The mortality rate assumption used was set based upon an experience study performed by the prior actuary on plan data for the period July 1, 2014 through June 30, 2019 and review of similar law enforcement mortality. A change was made full generational mortality which combines the use of a base mortality table with appropriate mortality improvement scales. In order to set the base mortality table, actual plan mortality experience was assigned a credibility weighting and combined with a standard table to produce current levels of mortality.

Best estimates of arithmetic nominal rates of return for each major asset class included in the System's target asset allocation as of June 30, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>
Equity	48.50%	3.08%
Fixed Income	33.50%	0.54%
Alternatives	18.00%	1.02%
Other	0.00%	0.00%
Totals	<u>100.00%</u>	<u>4.64%</u>
Inflation		<u>2.55%</u>
Expected Arithmetic Nominal Rate		<u><u>7.19%</u></u>

The discount rate used to measure the total pension liability was 6.950%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the System's actuary. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the Employer's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate.* The following presents the net pension liability of the participating employers calculated using the discount rate of 6.950%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower, or one percentage point higher than the current rate as of June 30, 2020:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Rates	5.950%	6.950%	7.950%
Town of Livingston Share of NPL	\$1,045,576	\$ 744,239	\$ 492,333

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**16. Restricted Fund Balances/Net Position**

At December 31, 2020, the General Fund had nonspendable fund balance of \$37,254 created from prepaid insurance.

At December 31, 2020, the proprietary fund had restricted net position of \$306,791, representing the Town's funds restricted by revenue bond debt covenants and contracts with customers for meter deposits, net of the related liability.

**17. Risk Management**

The Town is exposed to various risks of loss related to theft, damage, or destruction of assets, torts, injuries, natural disasters, and many other unforeseeable events. The Town purchases commercial insurance policies and bonds for any and all claims related to the aforementioned risks. The Town's payment of the insurance policy deductible is the only liability associated with these policies and bonds. There has been no significant decrease in insurance coverage from the prior year, and the amount of settlements has not exceeded the insurance coverage for the past three fiscal years.

**18. Contingent Liabilities**

At December 31, 2020, the Town was not involved in any outstanding litigation warranting accrual.

**19. On-Behalf Payments for Fringe Benefits and Salaries**

For the fiscal year ended December 31, 2020, the State of Louisiana made on behalf payments in the form of supplemental pay to the Town's policemen and the fire chief. In accordance with GASB 24, the Town recorded \$35,500 of on behalf payments as revenue and as expenditures in the General Fund.

**20. Fire Insurance Rebate**

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

**21. Oil, Gas, and Mineral Lease**

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

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

The Town's 25 percent royalty rights under the above lease are currently assigned to TMR Exploration, Inc. During the fiscal year ending December 31, 2020, the Town of Livingston recorded \$2,069 in

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

**22. Construction Commitments**

In 2010, the Town entered in an agreement with Alvin Fairburn and Associates for engineering costs related to the Sidewalk project. The agreement for engineering costs equaled \$37,238. As of the current fiscal year end, \$23,274 in engineering costs had been incurred and capitalized. The amount remaining on the engineering contract at the fiscal year end is \$13,964. The construction contract of this project will be bid and awarded in future years.

In 2019, the Town entered in an agreement with Alvin Fairburn and Associates for engineering costs related to the Red Oak Sewer Treatment Plant Expansion Project. The agreement for engineering costs equaled \$376,500. After change orders, the total contract is \$541,500. As of the current fiscal year end, \$389,310 in engineering costs had been incurred and capitalized. The amount remaining on the engineering contract at the fiscal year end is \$152,190.

On January 9, 2020, the Town awarded the construction portion of the Red Oak Sewer Treatment Plant Expansion Project to L. King Company in the amount of \$4,737,133. After change orders, the total contract is now \$4,896,668. As of the current fiscal year end, \$3,769,239 in construction costs had been incurred and capitalized. The amount remaining on the construction contract at the fiscal year end is \$1,127,428.

**23. COVID-19 Pandemic**

In December 2019, COVID-19 emerged and has subsequently spread worldwide. The World Health Organization has declared COVID-19 a pandemic and this pandemic has resulted in federal, state, and local governments and private entities mandating various restrictions, including travel restrictions, restrictions on public gatherings, stay at home orders, and quarantining of people that may have been exposed to the virus.

COVID-19 and actions taken to mitigate it have and are expected to continue to have adverse effects on the economy. As the COVID-19 pandemic is complex and rapidly evolving, we cannot reasonably estimate the duration or severity of this pandemic nor its full impact on the entity, its financial position, change in financial position, or cash flows.

**24. Subsequent Events**

Subsequent events have been evaluated by management through May 24, 2022, the date the financial statements were available to be issued and these financial statements considered subsequent events through such date. No other events were noted that require recording or disclosure in the financial statements for the fiscal year ending December 31, 2020.

# Required Supplementary Information (Part II)

**Town of Livingston**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget (GAAP Basis) and Actual**  
**General Fund - Summary**  
**For the year ended December 31, 2020**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>GAAP Basis</u>	<u>Favorable (Unfavorable)</u>
<b>Revenues</b>				
Taxes	\$ 808,000	\$ 880,000	\$ 882,022	\$ 2,022
Licenses and Permits	204,350	220,100	218,085	(2,015)
Intergovernmental	81,600	85,500	86,275	775
Sanitation Fees	224,000	220,000	219,886	(114)
Fines and Forfeitures	220,000	135,000	130,549	(4,451)
Grants	123,200	322,000	161,975	(160,025)
Interest	3,500	1,200	1,119	(81)
Parks and Recreation	225,000	110,000	104,137	(5,863)
Donations	-	-	-	-
Miscellaneous	8,000	5,550	6,256	706
<b>Total Revenues</b>	<u>1,897,650</u>	<u>1,979,350</u>	<u>1,810,304</u>	<u>(169,046)</u>
<b>Expenditures</b>				
General Government	816,455	780,900	665,351	115,549
Public Safety:				
Police	545,750	520,500	506,298	14,202
Fire	92,000	77,000	82,191	(5,191)
Streets	213,500	179,500	168,359	11,141
Sanitation	220,000	220,000	216,094	3,906
Health and Welfare	4,000	-	-	-
Recreation	303,000	200,000	201,259	(1,259)
Capital Outlays	233,500	162,600	143,147	19,453
Debt Service				
Principal	29,700	29,600	29,525	75
Interest	2,700	2,700	2,567	133
<b>Total Expenditures</b>	<u>2,460,605</u>	<u>2,172,800</u>	<u>2,014,791</u>	<u>158,009</u>
<b>Excess Revenues (Expenditures)</b>	<u>(562,955)</u>	<u>(193,450)</u>	<u>(204,487)</u>	<u>(11,037)</u>
<b>Other Financing Sources (Uses)</b>				
Operating Transfers In	563,000	300,000	300,000	-
Operating Transfers (Out)	-	-	-	-
Cares Act Expense	-	(20,000)	(15,878)	4,122
FEMA Reimbursements	-	11,800	2,945	(8,855)
<b>Total Other Financing Sources (Uses)</b>	<u>563,000</u>	<u>291,800</u>	<u>287,067</u>	<u>(4,733)</u>
<b>Net Change in Fund Balances</b>	45	98,350	82,580	(15,770)
<b>Fund Balances, Beginning</b>	<u>672,527</u>	<u>712,296</u>	<u>712,296</u>	<u>-</u>
<b>Fund Balances, Ending</b>	<u>\$ 672,572</u>	<u>\$ 810,646</u>	<u>\$ 794,876</u>	<u>\$ (15,770)</u>

See independent auditor's report.

**Town of Livingston**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget (GAAP Basis) and Actual**  
**General Fund - Detail**  
**For the year ended December 31, 2020**

Revenues	Budgeted Amounts		Actual Amounts GAAP Basis	Variance Favorable (Unfavorable)
	Original	Final		
<b>Taxes</b>				
Ad Valorem	\$ 58,000	\$ 70,000	\$ 70,228	\$ 228
Franchise Taxes	160,000	160,000	157,427	(2,573)
Sales Taxes	590,000	650,000	654,367	4,367
<b>Total Taxes</b>	<u>808,000</u>	<u>880,000</u>	<u>882,022</u>	<u>2,022</u>
<b>Licenses and Permits</b>				
Beer Permits	350	2,100	2,155	55
Building Licenses	14,000	28,000	28,186	186
Business Licenses	190,000	190,000	187,744	(2,256)
<b>Total Licenses and Permits</b>	<u>204,350</u>	<u>220,100</u>	<u>218,085</u>	<u>(2,015)</u>
<b>Intergovernmental</b>				
Chiefs Supplemental Pay	3,600	3,600	3,900	300
Livingston Parish Fire Protection District 12	29,000	28,000	28,000	-
Louisiana Fire Insurance Rebate	8,000	8,400	8,467	67
Louisiana Alcoholic Beverage Tax	11,000	10,000	10,408	408
Recreation District 5	-	-	-	-
State Supplemental Pay	30,000	35,500	35,500	-
<b>Total Intergovernmental</b>	<u>81,600</u>	<u>85,500</u>	<u>86,275</u>	<u>775</u>
<b>Grants</b>				
Louisiana Law Enforcement Grant	3,200	-	-	-
Recreation Trails Grant	120,000	-	-	-
Cares Act Funds	-	322,000	161,975	(160,025)
<b>Total Grants</b>	<u>123,200</u>	<u>322,000</u>	<u>161,975</u>	<u>(160,025)</u>
<b>Other Revenues</b>				
Court Fees	1,000	700	750	50
Donations	-	-	-	-
Fines and Forfeitures	220,000	135,000	130,549	(4,451)
Fire Department	500	2,100	2,125	25
Interest	3,500	1,200	1,119	(81)
Miscellaneous Income	3,000	750	1,312	562
Oil, Gas, and Mineral Royalties	3,500	2,000	2,069	69
Parks and Recreation	225,000	110,000	104,137	(5,863)
Sanitation Fees	224,000	220,000	219,886	(114)
<b>Total Other Revenues</b>	<u>680,500</u>	<u>471,750</u>	<u>461,947</u>	<u>(9,803)</u>
<b>Total Revenues</b>	<u>1,897,650</u>	<u>1,979,350</u>	<u>1,810,304</u>	<u>(169,046)</u>

(Continued)

See independent auditor's report.

**Town of Livingston**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget (GAAP Basis) and Actual**  
**General Fund - Detail**  
**For the year ended December 31, 2020**

Expenditures	Budgeted Amounts		Actual Amounts GAAP Basis	Variance Favorable (Unfavorable)
	Original	Final		
<b>General Government</b>				
Salaries				
Mayor and Aldermen	100,875	100,000	100,548	(548)
Town Clerk	67,500	61,000	60,806	194
Court Clerk	2,400	2,000	2,037	(37)
Part-Time Office	33,080	33,000	32,250	750
Benefits				
Health Insurance (All Departments)	146,000	168,000	119,214	48,786
Retirement (All Departments, except Police)	49,000	50,000	45,029	4,971
Payroll Taxes (All Departments)	74,800	75,300	57,779	17,521
Unemployment (All Departments)	2,000	2,200	1,656	544
Insurance				
Insurance (All Departments)	120,000	90,000	88,154	1,846
Workers Compensation (All Departments)	51,300	45,000	36,523	8,477
Other operating				
Dues, Subscriptions, and Meeting	15,000	10,000	9,729	271
Miscellaneous	35,000	22,500	21,247	1,253
Professional Fees	75,000	87,000	63,285	23,715
Repairs and Maintenance	23,000	14,900	11,032	3,868
Supplies				
Office Expense	16,000	16,000	12,163	3,837
Telephone	5,500	4,000	3,899	101
<b>Total General Government</b>	<b>816,455</b>	<b>780,900</b>	<b>665,351</b>	<b>115,549</b>
<b>Public Safety:</b>				
Police				
Salaries	371,750	375,500	373,649	1,851
Benefits				
Retirement	90,000	90,000	82,250	7,750
Other operating	21,000	15,000	15,106	(106)
Supplies	7,000	7,000	5,157	1,843
Vehicle Expense				
Automobile Expenses	26,000	8,000	4,791	3,209
Fuel	30,000	25,000	25,345	(345)
Total Police	<b>545,750</b>	<b>520,500</b>	<b>506,298</b>	<b>14,202</b>
Fire				
Salaries	47,000	42,000	40,898	1,102
Other operating	45,000	35,000	41,293	(6,293)
Total Fire	<b>92,000</b>	<b>77,000</b>	<b>82,191</b>	<b>(5,191)</b>
<b>Total Public Safety</b>	<b>637,750</b>	<b>597,500</b>	<b>588,489</b>	<b>9,011</b>

(Continued)

See independent auditor's report.

**Town of Livingston**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget (GAAP Basis) and Actual**  
**General Fund - Detail**  
**For the year ended December 31, 2020**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance</b>
	<b>Original</b>	<b>Final</b>	<b>GAAP Basis</b>	<b>Favorable (Unfavorable)</b>
<b>Highways and Streets</b>				
Salaries	128,000	81,000	80,755	245
Other operating				
Equipment Operating Expense	8,000	15,000	12,548	2,452
Miscellaneous	21,000	34,500	33,181	1,319
Uniform Expense	2,500	-	-	-
Repairs and Maintenance	2,000	-	-	-
Supplies	25,000	25,000	17,866	7,134
Utilities - Street Lights	27,000	24,000	24,009	(9)
<b>Total Highways and Streets</b>	<b>213,500</b>	<b>179,500</b>	<b>168,359</b>	<b>11,141</b>
<b>Sanitation</b>				
Collection Fees	220,000	220,000	216,094	3,906
<b>Total Sanitation</b>	<b>220,000</b>	<b>220,000</b>	<b>216,094</b>	<b>3,906</b>
<b>Health and Welfare</b>				
Other operating	4,000	-	-	-
<b>Total Health and Welfare</b>	<b>4,000</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Recreation</b>				
Salaries	95,000	86,000	87,179	(1,179)
Other operating	-	-	546	(546)
Program Expense	180,000	100,000	100,494	(494)
Repairs and Maintenance	12,000	4,000	4,061	(61)
Utilities	16,000	10,000	8,979	1,021
<b>Total Recreation</b>	<b>303,000</b>	<b>200,000</b>	<b>201,259</b>	<b>(1,259)</b>
<b>Capital Outlays</b>				
General Government	6,500	37,000	39,356	(2,356)
Public Safety - Police Protection	75,000	82,500	82,349	151
Public Safety - Fire Protection	5,000	25,000	10,600	14,400
Public Works - Streets	12,000	8,100	8,083	17
Recreation	135,000	10,000	2,759	7,241
<b>Total Capital Outlays</b>	<b>233,500</b>	<b>162,600</b>	<b>143,147</b>	<b>19,453</b>

(Continued)

See independent auditor's report.

**Town of Livingston**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget (GAAP Basis) and Actual**  
**General Fund - Detail**  
**For the year ended December 31, 2020**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>GAAP Basis</u>	<u>Favorable (Unfavorable)</u>
<b>Debt Service</b>				
Principal				
Capital Leases				
General Government - Mayor	6,600	6,600	14,713	(8,113)
Public Safety -Police Cars	23,100	23,000	14,812	8,188
Total Principal Payments	<u>29,700</u>	<u>29,600</u>	<u>29,525</u>	<u>75</u>
Interest				
Capital Leases				
General Government - Mayor	300	300	531	(231)
Public Safety -Police Cars	2,400	2,400	2,036	364
Total Interest Payments	<u>2,700</u>	<u>2,700</u>	<u>2,567</u>	<u>133</u>
<b>Total Expenditures</b>	<u>2,460,605</u>	<u>2,172,800</u>	<u>2,014,791</u>	<u>158,009</u>
<b>Excess Revenues (Expenditures)</b>	<u>(562,955)</u>	<u>(193,450)</u>	<u>(204,487)</u>	<u>(11,037)</u>
<b>Other Financing Sources (Uses)</b>				
Operating Transfers In	563,000	300,000	300,000	-
Operating Transfers (Out)	-	-	-	-
Cares Act Expense	-	(20,000)	(15,878)	4,122
FEMA Reimbursements	-	11,800	2,945	(8,855)
<b>Total Other Financing Sources (Uses)</b>	<u>563,000</u>	<u>291,800</u>	<u>287,067</u>	<u>(4,733)</u>
<b>Net Change in Fund Balances</b>	45	98,350	82,580	(15,770)
<b>Fund Balances, Beginning</b>	<u>672,527</u>	<u>712,296</u>	<u>712,296</u>	<u>-</u>
<b>Fund Balances, Ending</b>	<u>\$ 672,572</u>	<u>\$ 810,646</u>	<u>\$ 794,876</u>	<u>\$ (15,770)</u>

(Concluded)

See independent auditor's report.

**Town of Livingston**  
**Schedule of the Town's Proportionate Share of the Net Pension Liability - MERS Plan B**  
**Last 10 Fiscal Years\***

**Municipal Employees' Retirement System**

	<b>Employer's Proportion of the Net Pension Liability (Assets)</b>	<b>Employer's Proportionate Share of the Net Pension Liability (Asset)</b>	<b>Employer's Covered- Employee Payroll</b>	<b>Employer's Proportionate Share of the Net Position Liability (Asset) as a Percentage of its Covered-Employee Payroll</b>	<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>
<b>2015</b>	0.655337%	\$ 445,398	\$ 438,698	101.527219%	68.713552%
<b>2016</b>	0.725574%	\$ 601,434	\$ 539,127	111.556949%	62.110276%
<b>2017</b>	0.798132%	\$ 690,570	\$ 592,412	116.569212%	63.490937%
<b>2018</b>	0.830570%	\$ 702,523	\$ 615,508	114.137103%	63.940612%
<b>2019</b>	0.834954%	\$ 730,429	\$ 638,294	114.434571%	66.138800%
<b>2020</b>	0.910476%	\$ 825,097	\$ 705,591	116.937007%	66.260700%

\* The amounts presented for each fiscal year were determined as of 6/30 within the fiscal year.

*Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.*

See independent auditor's report.

**Town of Livingston**  
**Schedule of the Town's Proportionate Share of the Net Pension Liability - MPERS**  
**Last 10 Fiscal Years\***

**Municipal Police Employees' Retirement System**

	<b>Employer's Proportion of the Net Pension Liability (Assets)</b>	<b>Employer's Proportionate Share of the Net Pension Liability (Asset)</b>	<b>Employer's Covered- Employee Payroll</b>	<b>Employer's Proportionate Share of the Net Position Liability (Asset) as a Percentage of its Covered-Employee Payroll</b>	<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>
<b>2015</b>	0.054592%	\$ 427,671	\$ 149,358	286.339648%	70.7303%
<b>2016</b>	0.062740%	\$ 588,051	\$ 175,749	334.596135%	66.0422%
<b>2017</b>	0.061000%	\$ 532,556	\$ 157,520	338.087862%	70.0815%
<b>2018</b>	0.062926%	\$ 531,980	\$ 191,338	278.031546%	71.8871%
<b>2019</b>	0.076028%	\$ 690,462	\$ 237,425	290.812678%	71.0078%
<b>2020</b>	0.085250%	\$ 744,239	\$ 248,719	299.228849%	70.9450%

\* The amounts presented for each fiscal year were determined as of 6/30 within the fiscal year.

*Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.*

See independent auditor's report.

**Town of Livingston**  
**Schedule of the Town's Contributions - MERS Plan B**  
**For the year ended December 31, 2020**

**Municipal Employees' Retirement System**

	<b>Contractually Required Contribution</b>	<b>Contributions in Relation to Contractually Required Contributions</b>	<b>Contribution Deficiency (Excess)</b>	<b>Employer's Covered Employee Payroll</b>	<b>Contributions as a % of Covered Employee Payroll</b>
<b>2015</b>	\$ 47,466	\$ 47,466	-	\$ 508,586	9.3329%
<b>2016</b>	57,496	57,496	-	553,820	10.3817%
<b>2017</b>	74,408	74,408	-	613,474	12.1290%
<b>2018</b>	84,296	84,296	-	618,608	13.6267%
<b>2019</b>	93,171	93,171	-	665,505	14.0000%
<b>2020</b>	109,216	109,099	117	740,181	14.7395%

*Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.*

See independent auditor's report.

**Town of Livingston**  
**Schedule of the Town's Contributions - MPERS**  
**For the year ended December 31, 2020**

**Municipal Police Employees' Retirement System**

	<b>Contractually Required Contribution</b>	<b>Contributions in Relation to Contractually Required Contributions</b>	<b>Contribution Deficiency (Excess)</b>	<b>Employer's Covered Employee Payroll</b>	<b>Contributions as a % of Covered Employee Payroll</b>
<b>2015</b>	\$ 52,717	\$ 52,717	-	\$ 172,672	30.5301%
<b>2016</b>	54,388	54,388	-	176,302	30.8493%
<b>2017</b>	56,569	56,569	-	180,955	31.2614%
<b>2018</b>	66,040	66,040	-	210,648	31.3509%
<b>2019</b>	79,725	79,725	-	246,261	32.3742%
<b>2020</b>	82,259	82,259	-	248,418	33.1131%

*Schedule is intended to show information for 10 years. Additional years will be displayed as they become available*

See independent auditor's report.

**Town of Livingston**  
**Notes to the Required Supplementary Information**  
**For the year ended December 31, 2020**

**Pension Plan Schedules - Municipal Employees' Retirement System**

**A. Changes of Benefit Terms**

There were no changes in benefit terms during any of the years presented.

**B. Changes of Assumptions**

Fiscal Year Ended December 31,	Measurement Date - June 30,	Discount Rate	Investment Rate of Return	Inflation Rate	Expected	Projected Salary Increase
					Remaining Service Lives	
2015	2015	7.500%	7.500%	2.875%	4	5.00%
2016	2016	7.500%	7.500%	2.875%	4	5.00%
2017	2017	7.400%	7.400%	2.775%	4	5.00%
2018	2018	7.275%	7.275%	2.600%	3	5.00%
2019	2019	7.000%	7.000%	2.500%	3	7.40% for 1-4 years of service; 4.90% for more than 4 years of service
2020	2020	6.950%	6.950%	2.500%	3	7.40% for 1-4 years of service; 4.90% for more than 4 years of service

Additionally, the following mortality tables were used to develop mortality rates:

Fiscal Year Ended December 31,	Measurement Date - June 30,	Mortality
2015	2015	RP-2000 Healthy Annuitant Table set forward 2 years for males and set forward 1 year for females for healthy annuitants; RP-2000 Employees Table set back 2 years for both males and females for active employees; RP-2000 Disabled Lives Mortality Table set back 5 years for males and set back 3 years for females for disabled annuitants.
2016	2016	RP-2000 Healthy Annuitant Sex Distinct Mortality Tables set forward 2 years for males and set forward 1 year for females projected to 2028 using scale AA for annuitants and beneficiaries; RP-2000 Employees Sex Distinct Table set back 2 years for both males and females for employees; RP-2000 Disabled Lives Mortality Table set back 5 years for males and set back 3 years for females for disabled annuitants.
2017	2017	RP-2000 Healthy Annuitant Sex Distinct Mortality Tables set forward 2 years for males and set forward 1 year for females projected to 2028 using scale AA for annuitants and beneficiaries; RP-2000 Employees Sex Distinct Table set back 2 years for both males and females for employees; RP-2000 Disabled Lives Mortality Table set back 5 years for males and set back 3 years for females for disabled annuitants.
2018	2018	RP-2000 Healthy Annuitant Sex Distinct Mortality Tables set forward 2 years for males and set forward 1 year for females projected to 2028 using scale AA for annuitants and beneficiaries; RP-2000 Employees Sex Distinct Table set back 2 years for both males and females for employees; RP-2000 Disabled Lives Mortality Table set back 5 years for males and set back 3 years for females for disabled annuitants.
2019	2019	PubG-2010(B) Healthy Retiree Table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales for annuitants and beneficiaries; PubG-2010(B) Employee Table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales for employees; PubNS-2010(B) Disabled Retiree Table set equal to 120% for males and females with the full generational MP2018 scales for disabled annuitants.
2020	2020	PubG-2010(B) Healthy Retiree Table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales for annuitants and beneficiaries; PubG-2010(B) Employee Table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales for employees; PubNS-2010(B) Disabled Retiree Table set equal to 120% for males and females with the full generational MP2018 scales for disabled annuitants.

See independent auditor's report.

**Town of Livingston**  
**Notes to the Required Supplementary Information**  
**For the year ended December 31, 2020**

**Pension Plan Schedules - Municipal Police Employees' Retirement System**

**A. Changes of Benefit Terms**

There were no changes in benefit terms during any of the years presented.

**B. Changes of Assumptions**

Fiscal Year Ended December 31,	Measurement Date - June 30,	Discount Rate	Investment Rate of Return	Inflation Rate	Expected Remaining Service Lives	Projected Salary Increase
2015	2015	7.500%	7.500%	2.875%	4	9.75% for 1-2 years of service; 4.75% for 3-23 years of service; 4.25% for over 23 years of service
2016	2016	7.500%	7.500%	2.875%	4	9.75% for 1-2 years of service; 4.75% for 3-23 years of service; 4.25% for over 23 years of service
2017	2017	7.325%	7.325%	2.700%	4	9.75% for 1-2 years of service; 4.75% for 3-23 years of service; 4.25% for over 23 years of service
2018	2018	7.200%	7.200%	2.600%	4	9.75% for 1-2 years of service; 4.75% for 3-23 years of service; 4.25% for over 23 years of service
2019	2019	7.125%	7.125%	2.500%	4	9.75% for 1-2 years of service; 4.75% for 3-23 years of service; 4.25% for over 23 years of service
2020	2020	6.950%	6.950%	2.500%	4	12.30% for 1-2 years of service; 4.70% for over 2 years of service

Additionally, the following mortality tables were used to develop mortality rates:

Fiscal Year Ended December 31,	Measurement Date - June 30,	Mortality
2015	2015	The mortality rate assumption used was set based upon an experience study performed by the prior actuary on plan data for the period July 1, 2009 through June 30, 2014 and review of similar law enforcement mortality. The data was then assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the System's liabilities. Annuity values calculated based on this mortality were compared to those produced by using a setback of standard tables. The result of the procedure indicated that these tables would produce liability values approximating the appropriate generational mortality tables.
2016	2016	RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Tables projected to 2029 by Scale AA (set back 1 year for females) for healthy annuitants and beneficiaries; RP-2000 Disabled Lives Table set back 5 years for males and set back 3 years for females for disabled annuitants; RP-2000 Employee Table set back 4 years for males and 3 years for females for active employees.
2017	2017	RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Tables projected to 2029 by Scale AA (set back 1 year for females) for healthy annuitants and beneficiaries; RP-2000 Disabled Lives Table set back 5 years for males and set back 3 years for females for disabled annuitants; RP-2000 Employee Table set back 4 years for males and 3 years for females for active employees.
2018	2018	RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Tables projected to 2029 by Scale AA (set back 1 year for females) for healthy annuitants and beneficiaries; RP-2000 Disabled Lives Table set back 5 years for males and set back 3 years for females for disabled annuitants; RP-2000 Employee Table set back 4 years for males and 3 years for females for active employees.
2019	2019	RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Tables projected to 2029 by Scale AA (set back 1 year for females) for healthy annuitants and beneficiaries; RP-2000 Disabled Lives Table set back 5 years for males and set back 3 years for females for disabled annuitants; RP-2000 Employee Table set back 4 years for males and 3 years for females for active employees.
2020	2020	PubG-2010 Public Retirement Plans Mortality Table for Safety Below-Median Health Retirees multiplied by 115% for males and 125% for females, each with full generational projection using the MP2019 scale was used for annuitants and beneficiaries; Pub-2010 Public Retirement Plans Mortality Table for Safety Disabled Retirees multiplied by 105% for males and 115% for females, each with full generational projection using the MP2019 scale was used for disabled annuitants; Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Employees multiplied by 115% for males and 125% for females, each with full generational projection using the MP2019 scale was used for active employees.

## Other Supplementary Information

**Town of Livingston**  
**Schedule of Net Position**  
**Proprietary Fund Type**  
**For the year ended December 31, 2020**  
**(With Comparative Totals for the Year Ended December 31, 2019)**

	<b>Enterprise Funds</b>	
	<b>2020</b>	<b>2019</b>
<b>Assets</b>		
Current Assets:		
Cash and Cash Equivalents	\$ 2,536,701	\$ 1,930,874
Receivables, Net :		
Accounts	350,413	291,944
Other	67,728	81,959
Due from Other Governments	-	-
Due From General Fund	-	-
Inventory - Natural Gas	5,262	3,097
Prepaid Expenses	21,568	23,193
<b>Total Current Assets</b>	<b>2,981,672</b>	<b>2,331,067</b>
Restricted Assets:		
Restricted Cash and Cash Equivalents	2,272,900	5,355,838
<b>Total Restricted Assets</b>	<b>2,272,900</b>	<b>5,355,838</b>
Property, Plant, and Equipment		
Construction in Progress	4,454,510	241,200
Property, Plant and Equipment, Net	9,224,501	9,572,545
<b>Total Property, Plant, and Equipment</b>	<b>13,679,011</b>	<b>9,813,745</b>
Other Assets:		
Unamortized Bond Insurance Costs	48,946	46,934
<b>Total Assets</b>	<b>18,982,529</b>	<b>17,547,584</b>
<b>Deferred Outflows of Resources</b>		
Pension Related	117,395	102,892
Advanced Bond Refunding	664,413	696,692
<b>Total Deferred Outflows of Resources</b>	<b>781,808</b>	<b>799,584</b>
<b>Liabilities</b>		
Current Liabilities (Payable From Current Assets):		
Accounts Payable	94,550	49,550
Other Accrued Payables	626,440	144,830
Capital Lease Payable	9,476	36,326
Due To General Fund	201,779	55,600
Revenue Bonds Payable	200,000	160,000
<b>Total Current Liabilities (Payable From Current Assets)</b>	<b>1,132,245</b>	<b>446,306</b>
Current Liabilities (Payable From Restricted Assets):		
Customer Deposits	217,740	203,321
<b>Total Current Liabilities (Payable From Restricted Assets)</b>	<b>217,740</b>	<b>203,321</b>
Long Term Liabilities:		
Bonds Payable	9,887,432	9,526,626
Capital Lease Payable	9,746	19,222
Net Pension Liability	455,410	400,574
<b>Total Long Term Liabilities</b>	<b>10,352,588</b>	<b>9,946,422</b>
<b>Total Liabilities</b>	<b>11,702,573</b>	<b>10,596,049</b>
<b>Deferred Inflows of Resources</b>		
Pension Related	7,740	18,105
<b>Total Deferred Inflows of Resources</b>	<b>7,740</b>	<b>18,105</b>
<b>Net Position</b>		
Net Investment in Capital Assets	5,498,446	5,650,568
Restricted for:		
Capital Projects and Debt Service	306,791	270,062
Unrestricted	2,248,787	1,812,384
<b>Total Net Position</b>	<b>\$ 8,054,024</b>	<b>\$ 7,733,014</b>

See independent auditor's report.

**Town of Livingston**  
**Schedule of Revenues, Expenses, and Changes in Net Position**  
**Proprietary Fund Type**  
**For the year ended December 31, 2020**  
**(With Comparative Totals for the Year Ended December 31, 2019)**

	<b>Enterprise Funds</b>	
	<b>2020</b>	<b>2019</b>
<b>Operating Revenues</b>		
Gas Sales	\$ 604,131	\$ 605,797
Less Cost of Gas Sold	(112,684)	(138,549)
Gross Profit on Gas Sales	491,447	467,248
Water Sales	1,202,654	1,145,791
Sewer Service Charges	848,301	791,732
Intergovernmental	14,666	12,327
Other	134,689	138,380
<b>Total Operating Revenues</b>	<b>2,691,757</b>	<b>2,555,478</b>
<b>Operating Expenses</b>		
Bad Debts	27,709	-
Depreciation	402,652	403,014
Employee Benefits	236,729	208,447
Insurance	52,788	55,752
Other	244,011	222,357
Professional Fees	48,834	66,437
Repairs and Maintenance	111,298	140,609
Salaries and Wages	493,756	454,350
Supplies	29,572	25,594
Utilities	71,661	65,107
<b>Total Operating Expenses</b>	<b>1,719,010</b>	<b>1,641,667</b>
<b>Operating Income (Loss)</b>	<b>972,747</b>	<b>913,811</b>
<b>Nonoperating Revenues (Expenses)</b>		
Interest Income	19,295	50,731
Interest Expense	(341,138)	(271,236)
Bond Issuance Costs	(29,894)	(193,324)
<b>Total Nonoperating Revenues (Expenses)</b>	<b>(351,737)</b>	<b>(413,829)</b>
<b>Income (Loss) Before Contributions</b>	<b>621,010</b>	<b>499,982</b>
<b>Contributions and Transfers</b>		
Capital Contributions	-	-
Operating Transfers Out	(300,000)	(168,735)
<b>Change in Net Position</b>	<b>321,010</b>	<b>331,247</b>
<b>Total Net Position, Beginning</b>	<b>7,733,014</b>	<b>7,401,767</b>
<b>Total Net Position, Ending</b>	<b>\$ 8,054,024</b>	<b>\$ 7,733,014</b>

See independent auditor's report.

**Town of Livingston**  
**Schedule of Cash Flows**  
**Proprietary Fund Type**  
**For the year ended December 31, 2020**  
**(With Comparative Totals for the Year Ended December 31, 2019)**

	<u>Enterprise Funds</u>	
	<u>2020</u>	<u>2019</u>
<b>Cash Flows From Operating Activities</b>		
Received From Customers	\$ 2,568,908	\$ 2,540,118
Received for Meter Deposit Fees	14,419	8,817
Other Receipts	163,586	178,398
(Payments) for Interfund Services	146,179	171,775
Payments for Operations	(153,526)	(743,081)
Payments to Employees	(697,811)	(621,543)
Net Cash Provided by Operating Activities	<u>2,041,755</u>	<u>1,534,484</u>
<b>Cash Flows From Noncapital Financing Activities</b>		
Transfers From (To) Other Funds	(300,000)	(168,735)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(300,000)</u>	<u>(168,735)</u>
<b>Cash Flows From Capital and Related Financing Activities</b>		
(Payments) for Capital Acquisitions	(4,302,274)	(276,519)
(Payments) for Debt Issue Costs	(29,894)	(193,324)
Principal Proceeds from (Repayments for) Long Term Debt	429,103	5,083,292
Interest Payments for Long Term Debt	(335,096)	(202,315)
Net Cash (Used) by Capital and Related Financing Activities	<u>(4,238,161)</u>	<u>4,411,134</u>
<b>Cash Flows From Investing Activities</b>		
Receipt of Interest	19,295	50,731
Net Cash Provided by Investing Activities	<u>19,295</u>	<u>50,731</u>
<b>Net Cash Increase (Decrease) in Cash and Cash Equivalents</b>	(2,477,111)	5,827,614
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>7,286,712</u>	<u>1,459,098</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 4,809,601</u>	<u>\$ 7,286,712</u>
<b>Reconciliation of Cash and Cash Equivalents to the Statement of Net Position:</b>		
Cash and Cash Equivalents, Unrestricted	\$ 2,536,701	\$ 1,930,874
Cash and Cash Equivalents, Restricted	2,272,900	5,355,838
Total Cash and Cash Equivalents	<u>\$ 4,809,601</u>	<u>\$ 7,286,712</u>

(Continued)

See independent auditor's report.

**Town of Livingston**  
**Schedule of Cash Flows**  
**Proprietary Fund Type**  
**For the year ended December 31, 2020**  
**(With Comparative Totals for the Year Ended December 31, 2019)**

	<u>Enterprise Funds</u>	
	<u>2020</u>	<u>2019</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>		
Operating Income (Loss)	\$ 972,747	\$ 913,811
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:		
Depreciation	402,652	403,014
(Increase) decrease in Accounts Receivable	(58,469)	(3,202)
(Increase) decrease in Other Receivable	14,231	27,691
(Increase) decrease in Inventory	(2,165)	64
(Increase) decrease in Prepaid Expenses	1,625	89
(Increase) decrease in Deferred Outflows of Resources	(14,503)	22,515
(Increase) decrease in Due (to) and from Other Funds	146,179	171,775
Increase (decrease) in Accounts Payable	45,000	6,312
Increase (Decrease) in Deferred Inflows of Resources	(10,365)	353
Increase (decrease) in Accrued Expenses	530,404	(16,755)
Increase (decrease) in Customer Deposits	14,419	8,817
Net Cash Provided by Operating Activities	<u>\$ 2,041,755</u>	<u>\$ 1,534,484</u>

(Concluded)

See independent auditor's report.

**Town of Livingston**  
**Combining Schedule of Revenues, Expenses and Changes in Net Position**  
**Proprietary Fund Type, Utility Funds**  
**For the year ended December 31, 2020**

	<u>Gas</u>	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
<b>Operating Revenues</b>				
Gas Sales	\$ 604,131	\$ -	\$ -	\$ 604,131
Less Cost of Gas Sold	(112,684)	-	-	(112,684)
Gross Profit on Gas Sales	491,447	-	-	491,447
Water Sales	-	1,202,654	-	1,202,654
Sewer Service Charges	-	-	848,301	848,301
Intergovernmental	4,400	5,866	4,400	14,666
Other	14,081	81,265	39,343	134,689
<b>Total Operating Revenues</b>	<u>509,928</u>	<u>1,289,785</u>	<u>892,044</u>	<u>2,691,757</u>
<b>Operating Expenses</b>				
Bad Debts	6,305	12,551	8,853	27,709
Depreciation & Amortization	20,317	146,305	236,030	402,652
Employee Benefits	70,978	94,774	70,977	236,729
Insurance	-	52,788	-	52,788
Other	22,880	80,076	141,055	244,011
Professional Fees	22,223	15,049	11,562	48,834
Repairs and Maintenance	32,922	61,598	16,778	111,298
Salaries and Wages	148,127	197,502	148,127	493,756
Supplies	7,953	13,666	7,953	29,572
Utilities	-	31,680	39,981	71,661
<b>Total Operating Expenses</b>	<u>331,705</u>	<u>705,989</u>	<u>681,316</u>	<u>1,719,010</u>
<b>Operating Income (Loss)</b>	<u>178,223</u>	<u>583,796</u>	<u>210,728</u>	<u>972,747</u>
<b>Nonoperating Revenues (Expenses)</b>				
Interest Income	33	1,230	18,032	19,295
Interest Expense	(564)	(970)	(339,604)	(341,138)
Bond Issuance Costs	-	-	(29,894)	(29,894)
<b>Total Nonoperating Revenues (Expenses)</b>	<u>(531)</u>	<u>260</u>	<u>(351,466)</u>	<u>(351,737)</u>
<b>Income (Loss) Before Contributions and Transfers</b>	<u>177,692</u>	<u>584,056</u>	<u>(140,738)</u>	<u>621,010</u>
<b>Contributions and Transfers</b>				
Contributions	-	-	-	-
Operating Transfers Out	(90,000)	(120,000)	(90,000)	(300,000)
<b>Change in Net Position</b>	87,692	464,056	(230,738)	321,010
<b>Total Net Position, Beginning</b>				<u>7,733,014</u>
<b>Total Net Position, Ending</b>				<u>\$ 8,054,024</u>

See independent auditor's report.

**Town of Livingston**  
**Schedule of Revenues, Expenses and Changes in Net Position**  
**Budget (GAAP Basis) and Actual, Proprietary Fund Type, Gas Utility System**  
**For the year ended December 31, 2020**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Operating Revenues</b>			
Gas Sales	\$ 600,000	\$ 604,131	\$ 4,131
Less Cost of Gas Sold	<u>(132,000)</u>	<u>(112,684)</u>	<u>19,316</u>
Gross Profit on Gas Sales	468,000	491,447	23,447
Other			
Delinquent Charges	4,000	4,406	406
Service Connection Charges	9,600	9,675	75
Intergovernmental	-	4,400	4,400
<b>Total Operating Revenues</b>	<u>481,600</u>	<u>509,928</u>	<u>28,328</u>
<b>Operating Expenses</b>			
Bad Debts	1,500	6,305	(4,805)
Depreciation	20,500	20,317	183
Employee Benefits			
Health Insurance	14,000	27,391	(13,391)
Payroll Taxes	10,800	10,827	(27)
Retirement	15,000	32,760	(17,760)
Other	23,100	22,880	220
Professional Fees	24,000	22,223	1,777
Repairs and Maintenance	40,000	32,922	7,078
Salaries and Wages			
Maintenance	127,000	128,647	(1,647)
Office	22,000	19,480	2,520
Supplies	8,000	7,953	47
<b>Total Operating Expenses</b>	<u>305,900</u>	<u>331,705</u>	<u>(25,805)</u>
<b>Operating Income (Loss)</b>	<u>175,700</u>	<u>178,223</u>	<u>2,523</u>
<b>Nonoperating Revenues (Expenses)</b>			
Interest Income	50	33	(17)
Interest Expense	<u>(500)</u>	<u>(564)</u>	<u>(64)</u>
<b>Total Nonoperating Revenues (Expenses)</b>	<u>(450)</u>	<u>(531)</u>	<u>(81)</u>
<b>Income (Loss) Before Contributions and Transfers</b>	<u>175,250</u>	<u>177,692</u>	<u>2,442</u>
<b>Contributions and Transfers</b>			
Capital Contributions	-	-	-
Operating Transfers In	-	-	-
Operating Transfers Out	<u>(90,000)</u>	<u>(90,000)</u>	<u>-</u>
<b>Change in Net Position</b>	<u>\$ 85,250</u>	<u>\$ 87,692</u>	<u>\$ 2,442</u>

See independent auditor's report.

**Town of Livingston**  
**Schedule of Revenues, Expenses and Changes in Net Position**  
**Budget (GAAP Basis) and Actual, Proprietary Fund Type, Water Utility System**  
**For the year ended December 31, 2020**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Operating Revenues</b>			
Water Sales	\$ 1,206,000	\$ 1,202,654	\$ (3,346)
Other			
Delinquent Charges	20,000	19,723	(277)
Miscellaneous	300	391	91
Service Connection Charges	30,000	30,887	887
DHH Fees Collected	33,000	30,264	(2,736)
Intergovernmental	-	5,866	5,866
<b>Total Operating Revenues</b>	<u>1,289,300</u>	<u>1,289,785</u>	<u>485</u>
<b>Operating Expenses</b>			
Bad Debts	2,000	12,551	(10,551)
Depreciation	146,500	146,305	195
Employee Benefits			
Health Insurance	18,000	36,812	(18,812)
Payroll Taxes	14,800	14,436	364
Retirement	20,000	43,526	(23,526)
Insurance	55,000	52,788	2,212
Other			
Contract Services	28,000	28,725	(725)
Miscellaneous	12,000	8,606	3,394
Safe Drinking Water Fees	33,000	36,269	(3,269)
Vehicle Expense	7,000	6,476	524
Professional Fees	20,000	15,049	4,951
Repairs and Maintenance	61,000	61,598	(598)
Salaries and Wages			
Maintenance	170,000	171,530	(1,530)
Office	29,000	25,972	3,028
Supplies	13,000	13,666	(666)
Utilities	37,000	31,680	5,320
<b>Total Operating Expenses</b>	<u>666,300</u>	<u>705,989</u>	<u>(39,689)</u>
<b>Operating Income (Loss)</b>	<u>623,000</u>	<u>583,796</u>	<u>(39,204)</u>
<b>Nonoperating Revenues (Expenses)</b>			
Interest Income	1,000	1,230	230
Interest Expense	(700)	(970)	(270)
<b>Total Nonoperating Revenues (Expenses)</b>	<u>300</u>	<u>260</u>	<u>(40)</u>
<b>Income (Loss) Before Contributions and Transfers</b>	<u>623,300</u>	<u>584,056</u>	<u>(39,244)</u>
<b>Contributions and Transfers</b>			
Capital Contributions	-	-	-
Operating Transfers In	-	-	-
Operating Transfers Out	(120,000)	(120,000)	-
<b>Change in Net Position</b>	<u>\$ 503,300</u>	<u>\$ 464,056</u>	<u>\$ (39,244)</u>

See independent auditor's report.

**Town of Livingston**  
**Schedule of Revenues, Expenses and Changes in Net Position**  
**Budget (GAAP Basis) and Actual, Proprietary Fund Type, Sewer Utility System**  
**For the year ended December 31, 2020**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Operating Revenues</b>			
Sewer Charges	\$ 845,000	\$ 848,301	\$ 3,301
Other			
Delinquent Charges	16,600	16,620	20
Licenses and Permits	4,500	4,223	(277)
Miscellaneous	-	-	-
Sewer Impact Fees	16,000	18,500	2,500
Intergovernmental	-	4,400	4,400
<b>Total Operating Revenues</b>	<u>882,100</u>	<u>892,044</u>	<u>9,944</u>
<b>Operating Expenses</b>			
Bad Debts	1,500	8,853	(7,353)
Depreciation & Amortization	235,000	236,030	(1,030)
Employee Benefits			
Health Insurance	14,000	27,504	(13,504)
Payroll Taxes	10,800	10,826	(26)
Retirement	15,000	32,647	(17,647)
Other			
Contract Services	65,000	59,593	5,407
Miscellaneous	19,800	8,936	10,864
Sewer Expense	90,000	72,526	17,474
Professional Fees	16,000	11,562	4,438
Repairs and Maintenance	20,000	16,778	3,222
Salaries and Wages			
Maintenance	127,000	128,647	(1,647)
Office	22,000	19,480	2,520
Supplies	8,000	7,953	47
Utilities	40,500	39,981	519
<b>Total Operating Expenses</b>	<u>684,600</u>	<u>681,316</u>	<u>3,284</u>
<b>Operating Income (Loss)</b>	<u>197,500</u>	<u>210,728</u>	<u>13,228</u>
<b>Nonoperating Revenues (Expenses)</b>			
Interest Income	50	18,032	17,982
Interest Expense	(183,700)	(339,604)	(155,904)
Bond Issuance Costs	(31,000)	(29,894)	1,106
<b>Total Nonoperating Revenues (Expenses)</b>	<u>(214,650)</u>	<u>(351,466)</u>	<u>(136,816)</u>
<b>Income (Loss) Before Contributions and Transfers</b>	<u>(17,150)</u>	<u>(140,738)</u>	<u>(123,588)</u>
<b>Contributions and Transfers</b>			
Capital Contributions	-	-	-
Operating Transfers Out	(90,000)	(90,000)	-
<b>Change in Net Position</b>	<u>\$ (107,150)</u>	<u>\$ (230,738)</u>	<u>\$ (123,588)</u>

See independent auditor's report.

**Town of Livingston**  
**Schedule of Gas Sales and Purchases**  
**Proprietary Fund Type**  
**For the years ended December 31, 2020 and 2019**

	2020	2019
<b>Gas Sales and Purchases (Dollars)</b>		
Gas Sales		
Volume mcf (Thousand Cubic Feet)	31,625	31,619
Dollar Amount	\$ 604,131	\$ 605,797
Cost of Gas Sold		
Volume mcf (Thousand Cubic Feet)	35,758	36,012
Dollar Amount	\$ (112,684)	\$ (138,549)
Gross Profit on Gas Sales	\$ 491,447	\$ 467,248
Gross Profit Percentage of Sales	81%	77%
<b>Gas Unaccounted For</b>		
Volume mcf (Thousand Cubic Feet)	4,133	4,393
Average Cost of Unaccounted for Gas	\$ 13,025	\$ 16,901
Percentage of Purchases	12%	12%
<b>Number of Customers</b>		
In Service		
Residential	647	640
Commercial	20	20
Industrial	3	3
<b>Total Number of Customers</b>	670	663
<b>Computed Amounts per Customer (per mcf (Thousand Cubic Feet))</b>		
Gas Sales	\$ 19.10	\$ 19.16
Gas Purchases	-3.15	-3.85
Subtotal	15.95	15.31
Unaccounted for Gas Purchases	-0.36	-0.47
Gross Profit	\$ 15.59	\$ 14.84

**Average Monthly Customer Bill**

Residential	\$ 45.49
Commercial	\$ 1,575.69
Industrial	\$ 732.00

See independent auditor's report.

**Town of Livingston**  
**Schedule of Gas, Water and Sewer Rates**  
**Proprietary Fund Type**  
**For the year ended December 31, 2020**

Gas				
Residential Rates		Commercial	Industrial	
In Town	Out of Town	In or Out of Town	In or Out of Town	
			\$ 19.98	(Flat Fee)
\$ 13.87	\$ 16.37	\$ 16.65	\$ 21.83	- First 1,000 Cubic Feet (Flat Fee)
\$ 15.72	\$ 18.22	\$ 18.50	\$ 23.68	- Per 1,000 Cubic Feet for Next 3,000 Cubic Feet
\$ 17.57	\$ 20.07	\$ 20.35	\$ 25.53	- Per 1,000 Cubic Feet for all over 4,000 Cubic Feet
Water				
Residential Rates		Commercial	Industrial	
In Town	Out of Town	In or Out of Town	In or Out of Town	
\$ 21.00				- First 3,000 Gallons (Flat Fee)
\$ 2.75				- Per 1,000 Gallons for all over 3,000 Gallons
	\$ 25.00			- First 2,000 Gallons (Flat Fee)
	\$ 3.00			- Per 1,000 Gallons for all over 2,000 Gallons
		\$ 25.00	\$ 95.00	- First 50,000 Gallons (Flat Fee)
		\$ 3.00	\$ 3.00	- Per 1,000 Gallons for all over 50,000 Gallons
Sewer				
Residential		Commercial	Industrial	
In Town	Out of Town	In or Out of Town	In or Out of Town	
\$ 35.00	\$ 37.50			- (Flat Fee)
		\$ 47.00		- First 10,000 Gallons (Flat Fee)
		\$ 4.25		- Per 1,000 Gallons for all over 10,000 Gallons
			\$ 99.00	- First 10,000 Gallons (Flat Fee)
			\$ 4.25	- Per 1,000 Gallons for all over 10,000 Gallons

See independent auditor's report.

**Schedule of Number of Utility Customers**  
**Proprietary Fund Type**  
**For the year ended December 31, 2020**

	Residential	Commercial	Industrial	Total
Gas	647	20	3	670
Water	2,515	88	3	2,606
Sewer	1,453	79	3	1,535
Total	4,615	187	9	4,811

See independent auditor's report.

**Town of Livingston**  
**Schedule of Insurance**  
**For the year ended December 31, 2020**

Insurance Company/ Policy Number	Coverage	Amount	Period
Lloyd's London LMA2000070	Commercial Auto Physical Damage Auto Physical Damage	\$ 616,716	5/25/2020 to 5/25/2021
LMA2000071	Commercial Auto Physical Damage - Fire Department Auto Physical Damage	420,000	5/25/2020 to 5/25/2021
EMC Insurance Company T224447-21	Government Crime Policy Employee Theft	25,000	1/23/2020 to 1/23/2021
2X41022	Business Protection Building Personal Property	688,540 50,688	12/10/2020 to 12/10/2021
S089816	Fidelity Bond	300,000	9/22/2020 to 9/22/2021
1X2-09-15-21	Business Protection Building Personal Property Inland Marine	185,287 40,000 103,110	12/10/2020 to 12/10/2021
Louisiana Municipal Management Agency 100-1158-2020-17482	Auto Liability Commercial General Liability Occurrence Aggregate Law Enforcement Officers' Comprehensive Liability Public Officials' Errors & Omissions Liability	500,000 500,000 500,000 500,000 500,000	5/23/2020 to 5/23/2021

See independent auditor's report.

**Town of Livingston**  
**Schedule of Compensation Paid to Board Members**  
**For the year ended December 31, 2020**

<u>Name and Title / Contact Number</u>	<u>Address</u>	<u>Compensation Received</u>
David McCreary, Mayor (225) 686-2305	P.O. Box 383 Livingston, LA 70754	\$ 70,000
Joey Sibley, Alderman (225) 686-7533	P.O. Box 643 Livingston, LA 70754	6,000
Percy Edler, Alderman (225) 445-3301	P.O. Box 1476 Livingston, LA 70754	6,000
Duane May, Alderman (225) 363-7474	P.O. Box 485 Livingston, LA 70754	6,000
Jessie "Dusty" Glascock, Alderman (225) 313-9526	P.O. Box 651 Livingston, LA 70754	6,000
James Nesom, Alderman (225) 341-9764	P.O. Box 758 Livingston, LA 70754	6,000
		<u>\$ 100,000</u>

All Terms Expire on December 31, 2020

The schedule of compensation paid board members is presented in compliance with House Concurrent Resolution Number 54 of the 1979 Session of the Louisiana Legislature.

See independent auditor's report.

**Schedule 16**

**Town of Livingston**  
**Schedule of Compensation, Benefits, Reimbursements, and Other Payments to Agency Head**  
**For the year ended December 31, 2020**

**Agency Head Name: David McCreary, Mayor**

<b>Purpose</b>	<b>Amount</b>
Salary	\$ 64,500
Benefits-Insurance	561
Benefits-Retirement	9,514
Employer Paid Medicare & Social Security	5,315
Per Diem - Board Meetings	5,500
Telephone Reimbursements	900
Fuel Expense	575
Other Miscellaneous Supplies	18
	<u>\$ 86,883</u>

See independent auditor's report.

**Town of Livingston**  
**Justice System Funding Schedule - Collecting/Disbursing Entity**  
**For the year ended December 31, 2020**

<b>Cash Basis Presentation</b>	<b>First Six Month Period Ended 06/30/2020</b>	<b>Second Six Month Period Ended 12/31/2020</b>
<b>Beginning Balance of Amounts Collected (i.e. cash on hand)</b>	-	-
<b>Add: Collections</b>		
Criminal Fines - Other	66,821	69,828
<b>Subtotal Collections</b>	<u>66,821</u>	<u>69,828</u>
<b>Less: Disbursements To Governments &amp; Nonprofits:</b>		
<i>Florida Parishes Juvenile Justice Center, Criminal Court Cost/Fees</i>	1,865	1,635
<i>Louisiana Commission on Law Enforcement, Criminal Court Cost/Fees</i>	731	641
<i>Louisiana Judicial College, Criminal Court Cost/Fees</i>	187	164
<i>Treasurer, State of Louisiana -CMIS, Criminal Court Cost/Fees</i>	373	327
<b>Less: Amounts Retained by Collecting Agency</b>		
Town of Livingston, Criminal Fines - Other	63,665	67,061
<b>Subtotal Disbursements/Retainage</b>	<u>66,821</u>	<u>69,828</u>
<b>Total: Ending Balance of Amounts Collected but not Disbursed/Retained</b>	<u>-</u>	<u>-</u>

**Other Information:**

Ending Balance of Total Amounts Assessed but not yet Collected	-	-
Total Waivers During the Fiscal Period	-	-

See independent auditor's report.

# Minda B. Raybourn

*Certified Public Accountant  
Limited Liability Company*

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(985) 839-4413  
Fax (985) 839-4402  
wrcpa@huntbrothers.com

Member  
AICPA

Member  
LCPA

## **INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT**

To the Honorable Jonathan “JT” Taylor  
and Board of Aldermen  
Town of Livingston, Louisiana

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Livingston, Louisiana, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Town of Livingston, Louisiana’s basic financial statements and have issued our report thereon dated May 24, 2022.

### **Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, I considered the Town of Livingston, Louisiana’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Livingston, Louisiana’s internal control. Accordingly, I do not express an opinion on the effectiveness of the Town of Livingston, Louisiana’s internal control.

A *deficiency in internal control* 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 and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. I did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2020-001 that I consider to be a material weakness.

### **Compliance and Other Matters**

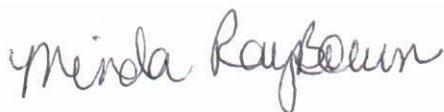
As part of obtaining reasonable assurance about whether the Town of Livingston, Louisiana's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as item 2020-002.

### **Town of Livingston, Louisiana's Response to Findings**

The Town of Livingston, Louisiana's response to the findings identified in my audit is described in the accompanying schedule of findings and responses. The Town of Livingston, Louisiana's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on it.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Minda Raybourn CPA  
Franklinton, LA

May 24, 2022



**TOWN OF LIVINGSTON, LOUISIANA**  
**Schedule of Findings and Responses**  
**For the Year Ended December 31, 2020**

**Section II Financial Statement Findings**

**Finding 2020-001 Lack of Segregation of Duties (Material Weakness)**

**Criteria:** Proper segregation of incompatible duties requires that there be different individuals responsible for authorizing transactions, recording transactions, preparing reconciliations, and maintaining custody of assets.

**Condition:** This condition has been recurring since 2013. In 2019, the Town adopted policies and procedures detailing the collection procedures. However, due to the small size of the Town's staff, incompatible duties are being performed by the town's billing clerk and the town clerk.

**Cause:** The Town's staff is not of sufficient size to allow for proper and appropriate segregation of duties.

**Effect:** Without segregation of incompatible duties, the Town is exposed to many risks including the risk of improper or unauthorized transactions; misappropriation of assets, and incomplete, inaccurate, or fraudulent reporting. The lack of segregation of incompatible duties represents a material weakness in the design of internal controls over financial reporting.

**Recommendation:** The Town should evaluate and redesign its internal control system such that no one individual is responsible for authorizing transactions recording transactions, preparing reconciliations, and maintaining custody of related assets.

**Management's Response:** While the Town has maintained certain entity level controls and compensating control activities as part of its internal control system, the Town recognizes the need to design and implement effective internal control activities related to utility billings. The Mayor and Town clerk are working with the Town's accountants and are active in redesigning the Town's internal control system surrounding utility billings.

**Contact Person:** Jonathan "JT" Taylor, Mayor, 20550 Circle Drive Livingston, LA 70754, telephone (225) 686-7773.

**Finding 2020-002 Local Government Budget Act (Noncompliance)**

**Criteria:** The Town's general fund budgets should be amended, regardless of the amount of expenditures in the fund, when actual receipts plus projected revenue collections for the year fail to meet budgeted revenues by 5% or more; or when actual expenditures plus projected expenditures to year end exceed budgeted expenditures by 5% or more (Louisiana R.S. 39:1311).

**TOWN OF LIVINGSTON, LOUISIANA**  
**Schedule of Findings and Responses**  
**For the Year Ended December 31, 2020**

**Condition:** General fund revenues were under budget by 7.76% or \$177,901.

**Effect:** The Town did not comply with the Local Government Budget Act.

**Cause:** The Town's final amended budget for grant revenues were \$322,000. The actual grant revenues were \$161,975. This created a shortage in this line item by \$160,025 causing the Town to be noncompliant.

**Recommendation:** In the budgeting process, the Town needs to ensure grant revenues are budgeted accurately as possible.

**Management's Response:** The Town will monitor the budget versus actual results for all aspects of the Town's finances carefully each month.

**Contact Person:** Jonathan "JT" Taylor, Mayor, 20550 Circle Drive Livingston, LA 70754, telephone (225) 686-7773.

**TOWN OF LIVINGSTON, LOUISIANA**  
**Schedule of Findings and Responses**  
**For the Year Ended December 31, 2020**

**Schedule of Prior Year Findings and Responses**

**Finding 2019-001 Lack of Segregation of Duties (Material Weakness)**

**Criteria:** Proper segregation of incompatible duties requires that there be different individuals responsible for authorizing transactions, recording transactions, preparing reconciliations, and maintaining custody of assets.

**Condition:** This condition has been recurring since 2013. In 2019, the Town adopted policies and procedures detailing the collection procedures. However, due to the small size of the Town's staff, incompatible duties are being performed by the town's billing clerk and the town clerk.

**Cause:** The Town's staff is not of sufficient size to allow for proper and appropriate segregation of duties.

**Effect:** Without segregation of incompatible duties, the Town is exposed to many risks including the risk of improper or unauthorized transactions; misappropriation of assets, and incomplete, inaccurate, or fraudulent reporting. The lack of segregation of incompatible duties represents a material weakness in the design of internal controls over financial reporting.

**Recommendation:** The Town should evaluate and redesign its internal control system such that no one individual is responsible for authorizing transactions recording transactions, preparing reconciliations, and maintaining custody of related assets.

**Management's Response:** While the Town has maintained certain entity level controls and compensating control activities as part of its internal control system, the Town recognizes the need to design and implement effective internal control activities related to utility billings. The Mayor and Town clerk are working with the Town's accountants and are active in redesigning the Town's internal control system surrounding utility billings.

**Contact Person:** Jonathan "JT" Taylor, Mayor, 20550 Circle Drive Livingston, LA 70754, telephone (225) 686-7773.

**Status:** Unresolved.

**Finding 2019-002 Local Government Budget Act (Noncompliance)**

**Criteria:** The Town's general fund budgets should be amended, regardless of the amount of expenditures in the fund, when actual receipts plus projected revenue collections for the year fail to meet budgeted

**TOWN OF LIVINGSTON, LOUISIANA**  
**Schedule of Findings and Responses**  
**For the Year Ended December 31, 2020**

revenues by 5% or more; or when actual expenditures plus projected expenditures to year end exceed budgeted expenditures by 5% or more (Louisiana R.S. 39:1311).

**Condition:** General fund expenditures exceed budgeted expenditures by 5.46% or \$124,507.

**Effect:** The Town did not comply with the Local Government Budget Act.

**Cause:** The Town's final amended budget for capital outlay expenditures was \$161,600. Actual capital outlay expenditures were \$417,449. Capital outlay expenditures was over budget due to the receipt of donated recreation assets in the amount of \$280,183.

**Recommendation:** In the budgeting process, the Town needs to ensure that donated assets are properly budgeted.

**Management's Response:** The Town will monitor the budget versus actual results carefully each month.

**Contact Person:** Jonathan "JT" Taylor, Mayor, 20550 Circle Drive Livingston, LA 70754, telephone (225) 686-7773.

**Status:** Unresolved.