

TOWN OF LIVINGSTON, LOUISIANA

ANNUAL FINANCIAL STATEMENTS

AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2021

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INDEPENDENT AUDITOR'S REPORT

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

Opinions

We have audited the accompanying 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, 2021, and the related notes to the financial statements, which collectively comprise the Town of Livingston, Louisiana's basic financial statements as listed in the table of contents.

In our 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, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Livingston, Louisiana, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Livingston, Louisiana's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Town of Livingston, Louisiana's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Livingston, Louisiana's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, 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 is the responsibility of management and, 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. We 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 our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an

opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Livingston, Louisiana's basic financial statements. The individual fund 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.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 our opinion, the combining and individual nonmajor fund financial statements are 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 February 28, 2023 on our consideration of the Town of Livingston, Louisiana's internal control over financial reporting and on our 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.



Minda Raybourn
Franklinton, LA
February 28, 2023

REQUIRED SUPPLEMENTARY INFORMATION (PART I)
MANAGEMENT'S DISCUSSION AND ANALYSIS

TOWN OF LIVINGSTON

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2021

Introduction

The Town of Livingston (the Town) is pleased to present its Financial Statements for the year ended December 31, 2021 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, and with current standards as more fully described in Note 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, 2021, the Town's assets exceeded its liabilities by \$10,924,551 (net position). Of this amount, \$2,913,147 (unrestricted net position) may be used to meet the Town's ongoing obligations to its citizens.
- For the year ended December 31, 2021, the Town's total net position increased by \$470,015.
- At December 31, 2021, the Town's sole governmental fund (the General Fund) reported ending fund balances of \$983,531, an increase of \$169,940 for the year. Of this amount, \$924,731 is unassigned.
- At December 31, 2021, the Town's sole proprietary fund (the Enterprise Fund) reported ending net position of \$8,414,596, an increase of \$367,219 for the year. Of this amount, \$2,640,708 or 31% 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.

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 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 town has no component units at December 31, 2021.

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 here.

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 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.

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 2021 and 2020

	Governmental Activities		Business-Type Activities		Total	
	2021	2020 (Restated)	2021	2020 (Restated)	2021	2020 (Restated)
Assets:						
Current and Other Assets	\$ 1,244,756	\$ 949,918	\$ 5,202,845	\$ 5,303,518	\$ 6,447,601	\$ 6,253,436
Capital Assets	2,297,235	2,456,301	14,465,182	13,679,011	16,762,417	16,135,312
Total Assets	<u>3,541,991</u>	<u>3,406,219</u>	<u>19,668,027</u>	<u>18,982,529</u>	<u>23,210,018</u>	<u>22,388,748</u>
Deferred Outflows of Resources						
Pension Related	178,232	326,654	58,852	117,395	237,084	444,049
Advanced Bond Refunding	-	-	632,134	664,413	632,134	664,413
Total Deferred Outflows of Resources	<u>178,232</u>	<u>326,654</u>	<u>690,986</u>	<u>781,808</u>	<u>869,218</u>	<u>1,108,462</u>
Liabilities:						
Long-Term Liabilities	643,558	1,136,997	9,948,495	10,355,264	10,592,053	11,492,261
Other Liabilities	239,458	133,968	1,893,623	1,353,956	2,133,081	1,487,924
Total Liabilities	<u>883,016</u>	<u>1,270,965</u>	<u>11,842,118</u>	<u>11,709,220</u>	<u>12,725,134</u>	<u>12,980,185</u>
Deferred Inflows of Resources						
Pension Related	327,252	54,749	102,299	7,740	429,551	62,489
Total Deferred Inflows of Resources	<u>327,252</u>	<u>54,749</u>	<u>102,299</u>	<u>7,740</u>	<u>429,551</u>	<u>62,489</u>
Net Position:						
Net Investment in Capital Assets	2,237,516	2,424,553	5,521,637	5,561,859	7,759,153	7,986,412
Restricted	-	-	252,251	247,935	252,251	247,935
Unrestricted	272,439	(17,394)	2,640,708	2,237,583	2,913,147	2,220,189
Total Net Position	<u>\$ 2,509,955</u>	<u>\$ 2,407,159</u>	<u>\$ 8,414,596</u>	<u>\$ 8,047,377</u>	<u>\$ 10,924,551</u>	<u>\$ 10,454,536</u>

Approximately 71% 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 2% 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 27% percent of the Town's net position is unrestricted and may be used to meet the Town's ongoing obligations to its citizens.

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 and governmental activities.

The Town's activities increased its total net position by \$470,015, with governments activities increasing net position by \$102,796 and business-type activities increasing net position by \$367,219.

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.

Changes in Net Position
For the years ended December 31, 2021 and 2020

	Governmental Activities		Business-Type Activities		Total	
	2020		2020		2020	
	2021	(Restated)	2021	(Restated)	2021	(Restated)
Revenues:						
Program Revenues:						
Charges for Services	\$ 789,632	\$ 673,407	\$ 3,122,042	\$ 2,789,775	\$ 3,911,674	\$ 3,463,182
Operating Grants and Contributions	109,524	268,171	14,301	14,666	123,825	282,837
Capital Grants and Contributions	51,862	-	13,060	-	64,922	-
General Revenues:						
Franchise Taxes	182,681	157,427	-	-	182,681	157,427
Property Taxes	49,618	73,810	-	-	49,618	73,810
Sales Taxes	689,590	654,367	-	-	689,590	654,367
Other Taxes	9,915	10,408	-	-	9,915	10,408
Intergovernmental	-	-	50,000	-	50,000	-
Interest Income	259	1,119	3,029	19,295	3,288	20,414
Miscellaneous	8,180	3,381	-	-	8,180	3,381
FEMA Reimbursement	-	2,945	-	-	-	2,945
Gain on Sale of Assets	10,730	-	-	-	10,730	-
Total Revenues	<u>1,901,991</u>	<u>1,845,035</u>	<u>3,202,432</u>	<u>2,823,736</u>	<u>5,104,423</u>	<u>4,668,771</u>
Expenses:						
General Government	837,177	724,329	-	-	837,177	724,329
Public Safety - Police Protection	454,175	608,836	-	-	454,175	608,836
Public Safety - Fire Protection	75,231	98,959	-	-	75,231	98,959
Public Works - Streets	313,476	258,009	-	-	313,476	258,009
Sanitation	262,643	216,094	-	-	262,643	216,094
Recreation	338,265	299,386	-	-	338,265	299,386
Capital Lease Interest	2,228	2,567	-	-	2,228	2,567
Gas, Water, and Sewer Utility	-	-	2,351,213	2,202,726	2,351,213	2,202,726
Total Expenses	<u>2,283,195</u>	<u>2,208,180</u>	<u>2,351,213</u>	<u>2,202,726</u>	<u>4,634,408</u>	<u>4,410,906</u>
Change in Net Position Before Transfers and Contributions	(381,204)	(363,145)	851,219	621,010	470,015	257,865
Transfers (Out) In	<u>484,000</u>	<u>300,000</u>	<u>(484,000)</u>	<u>(300,000)</u>	<u>-</u>	<u>-</u>
Change in Net Position	102,796	(63,145)	367,219	321,010	470,015	257,865
Net Position, Beginning	2,399,959	2,463,554	8,054,024	7,733,014	10,453,983	10,196,568
Prior Period Adjustments (See Note 24)	<u>7,200</u>	<u>6,750</u>	<u>(6,647)</u>	<u>(6,647)</u>	<u>553</u>	<u>103</u>
Net Position, Beginning (Restated)	<u>2,407,159</u>	<u>2,470,304</u>	<u>8,047,377</u>	<u>7,726,367</u>	<u>10,454,536</u>	<u>10,196,671</u>
Net Position, Ending	<u>\$ 2,509,955</u>	<u>\$ 2,407,159</u>	<u>\$ 8,414,596</u>	<u>\$ 8,047,377</u>	<u>\$ 10,924,551</u>	<u>\$ 10,454,536</u>

Governmental Activities

The Town's governmental net position increased by \$102,796 or approximately 4% of the prior year ending net position of \$2,407,304.

Total Government-Wide Revenues increased \$435,652 or approximately 9% from the prior year primarily related to increases in charges for services in the governmental activities and business-type activities.

Total Government-wide Expenses increased by 5% or \$223,502 with increases in both governmental activities and business-type activities. Governmental activities expenses increased \$75,015 or approximately 3% from prior year. Increases in general government, public works, sanitation and recreation expenses were partially offset by decreases in public safety. General government expenses increased \$112,848 primarily related to salaries and related benefits as well as increases in repairs and maintenance, some of which is attributable to a natural disaster in the current year. Public works - streets expenses increased \$55,467 primarily related to increase in streets salary expense. Sanitation expenses increased \$46,549 related to an increase in garbage collection fees. Recreation expenses increased \$38,879 primarily related to increases in program expenses. Public Safety expenses for police protection decreased \$154,661 primarily related to decreases in salary and retirement expenses. Public Safety expenses for fire protection decreased \$23,728 primarily related to decreases in salary and vehicle expenses.

Transfers in from the utility fund subsidizing governmental activities increased \$184,000 to \$484,000 in 2021 from \$300,000 in 2020.

Business-Type Activities

The Town's business-type net position increased by \$367,219, or 5% of the prior year ending net position, to \$8,414,596. Before transfers to/from the general fund, business-type net position increased \$851,219.

As noted above, total Government-Wide Revenues increased \$435,652 or approximately 9% from the prior year primarily related to increases in charges for services in the governmental activities and business-type activities.

As noted above, total Government-wide Expenses increased by 5% or \$223,502 with increases in both governmental activities and business-type activities. Business-type activities expenses increased \$148,487 or approximately 7% from prior year. The most significant increase was a \$181,793 increase in repairs and maintenance in the current year, some of which is attributable to a natural disaster in the current year. The increase in repairs and maintenance is partially offset by decreases in various expenses, the most significant of which is the decrease in bad debt expense of \$27,709 as well as the \$69,510 decreases in employee benefits expense primarily related to a decrease in pension expense.

As noted above, transfers out from the utility fund subsidizing governmental activities increased \$ 184,000 to \$484,000 in 2021 from \$300,000 in 2020.

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 sole governmental fund (the General Fund) reported ending fund balances of \$983,531, an increase of \$169,940 for 2021 after an increase of \$82,580 in 2020. The unassigned fund balance was \$924,731. Before transfers in from the utility fund the governmental funds would have had a \$314,060 decrease in fund balance.

The general fund is the chief operating fund of the Town and the sole governmental fund in 2021.

Proprietary Funds

The Town’s proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The town has one property fund in 2021, the Enterprise Fund.

General Fund Budgetary Highlights

The General Fund had no actual expenditures and other uses over budgeted amounts nor any actual revenues and other sources below budget amounts resulting in unfavorable variances greater than five percent in accordance with the Local Government Budget Act for the fiscal year ended December 31, 2021.

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, 2021 amounts to \$16,762,417 (net of depreciation). The total increase in the Town’s investment in capital assets for the current fiscal year before accumulated depreciation was \$1,262,457.

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.

Capital Assets (Net of Depreciation)
2021 and 2020

Capital Assets	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 138,634	\$ 138,634	\$ -	\$ -	\$ 138,634	\$ 138,634
Construction in Progress	89,936	38,044	5,486,293	4,454,510	5,576,229	4,492,554
Buildings and Improvements	956,069	953,569	339,947	339,947	1,296,016	1,293,516
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	1,155,926	1,184,336	247,143	167,968	1,403,069	1,352,304
Machinery and Equipment	676,147	640,131	426,632	426,007	1,102,779	1,066,138
Furniture and Fixtures	27,270	27,270	15,665	15,665	42,935	42,935
Computers and Software	47,568	45,852	37,226	37,226	84,794	83,078
Infrastructure	1,068,173	1,064,673	-	-	1,068,173	1,064,673
Gas Utility System	-	-	601,847	574,654	601,847	574,654
Water Utility System	-	-	5,282,485	5,267,405	5,282,485	5,267,405
Sewer Utility System	-	-	9,900,456	9,859,069	9,900,456	9,859,069
Subtotal Capital Assets	6,209,801	6,142,587	22,337,694	21,142,451	28,547,495	27,285,038
Less: Accumulated Depreciation	(3,912,566)	(3,686,286)	(7,872,512)	(7,463,440)	(11,785,078)	(11,149,726)
Capital Assets, Net	\$ 2,297,235	\$ 2,456,301	\$ 14,465,182	\$ 13,679,011	\$ 16,762,417	\$ 16,135,312

Governmental Activities capital assets increased by \$67,214 before depreciation of \$226,280, with increases primarily related to \$51,892 in construction in progress for the Old Courthouse Project, and \$36,016 in machinery and equipment; \$8,141 in fire equipment, \$2,530 on public works- streets machinery and equipment, \$7,433 in recreation machinery and equipment and \$17,801 in general government machinery and equipment.

Capital assets for business-type activities capital assets increased by \$1,195,243 before depreciation of \$409,072. The most significant additions included \$1,031,783 in construction in progress, of which \$1,025,898 was incurred for the Red Oak sewer treatment plant project. Additional significant additions included \$79,175 in vehicles for the purchase of two trucks, \$41,387 in sewer system for the purchase of sewer pumps, \$27,193 in gas system for additions to gas lines and \$15,080 in water system for addition of water lines.

Long-Term Obligations

At December 31, 2021, the Town had total debt outstanding of \$9,899,234. Of this total, \$233,032 is due within one year and \$9,666,202 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 2021 and 2020

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Capital Leases	\$ 26,032	\$ 31,748	\$ -	\$ 19,222	\$ 26,032	\$ 50,970
Rev Bonds / Cert of Indebt.	-	-	9,873,202	10,087,432	9,873,202	10,087,432
Total Outstanding Debt	\$ 26,032	\$ 31,748	\$ 9,873,202	\$ 10,106,654	\$ 9,899,234	\$ 10,138,402

Long term debt decreased \$239,168 related to principal payments on debt. Interest rates for long-term debt range from 2% to 4%. For more detailed information, see Note 13 to the financial statements.

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, 2021.

At December 31, 2021, the town also had compensated absences payable of \$13,784 for governmental activities, an increase of \$2,269 from the restated 2020 amount of \$11,515 and compensated absences payable of \$9,401 for business-type activities, an increase of \$2,754 from the restated 2020 amount of \$6,647. See Note 24 for additional information on the restatement of prior year financial statements.

At December 31, 2021, the town also had net pension liability of \$635,877 for governmental activities, a decrease of \$478,049, and net pension liability of \$278,616 for business-type activities, a decrease of \$176,794.

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, 2021

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
Assets			
Current Assets:			
Cash and Cash Equivalents	\$ 250,623	\$ 3,701,590	\$ 3,952,213
Investments	141,189	-	141,189
Receivables, Net:			
Accounts	489	307,170	307,659
Intergovernmental	56,710	13,060	69,770
Other	62,390	61,620	124,010
Taxes	115,035	-	115,035
Due From Other Funds	559,520	-	559,520
Inventory	-	16,655	16,655
Prepaid Expenses	34,638	26,489	61,127
Prepaid Payroll Liabilities	24,162	-	24,162
Total Current Assets	1,244,756	4,126,584	5,371,340
Noncurrent Assets:			
Restricted Assets:			
Restricted Cash and Cash Equivalents	-	1,029,341	1,029,341
Total Restricted Assets	-	1,029,341	1,029,341
Capital Assets:			
Land	138,634	-	138,634
Construction in Progress	89,936	5,486,293	5,576,229
Capital Assets, Net of Depreciation	2,068,665	8,978,889	11,047,554
Total Capital Assets	2,297,235	14,465,182	16,762,417
Other Assets:			
Unamortized Bond Insurance Costs	-	46,920	46,920
Total Noncurrent Assets	2,297,235	15,541,443	17,838,678
Total Assets	3,541,991	19,668,027	23,210,018
Deferred Outflows of Resources:			
Pension Related	178,232	58,852	237,084
Advanced Bond Refunding	-	632,134	632,134
Total Deferred Outflows of Resources	178,232	690,986	869,218
Liabilities			
Current Liabilities:			
Accounts Payable	125,050	76,529	201,579
Other Accrued Payables	82,273	454,754	537,027
Due To Other Funds	-	559,520	559,520
Customer Deposits	-	225,052	225,052
Unearned Revenue - ARPA	-	365,044	365,044
Bonds Payable	-	207,000	207,000
Capital Leases	26,032	-	26,032
Compensated Absences Payable	6,103	5,724	11,827
Total Current Liabilities	239,458	1,893,623	2,133,081
Long-Term Liabilities:			
Bonds Payable	-	9,666,202	9,666,202
Net Pension Liability	635,877	278,616	914,493
Compensated Absences Payable	7,681	3,677	11,358
Total Long-Term Liabilities	643,558	9,948,495	10,592,053
Total Liabilities	883,016	11,842,118	12,725,134
Deferred Inflows of Resources:			
Pension Related	327,252	102,299	429,551
Total Deferred Inflows of Resources	327,252	102,299	429,551
Net Position			
Net Investment in Capital Assets	2,237,516	5,521,637	7,759,153
Restricted for:			
Capital Projects and Debt Service	-	252,251	252,251
Unrestricted	272,439	2,640,708	2,913,147
Total Net Position	\$ 2,509,955	\$ 8,414,596	\$ 10,924,551

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

TOWN OF LIVINGSTON

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2021

	Program Revenues			
	Expenses	Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions
Governmental Activities				
General Government	\$ 837,177	\$ 190,186	\$ 9,509	\$ 51,862
Public Safety - Police Protection	454,175	154,417	43,071	-
Public Safety - Fire Protection	75,231	-	43,665	-
Public Works - Streets	313,476	-	13,279	-
Sanitation	262,643	245,040	-	-
Recreation	338,265	199,989	-	-
Capital Lease Interest	2,228	-	-	-
Total Governmental Activities	2,283,195	789,632	109,524	51,862
Business-type Activities				
Gas	524,459	718,682	4,290	-
Water	701,823	1,313,374	5,721	13,060
Sewer	1,124,931	1,089,986	4,290	-
Total Business-type Activities	2,351,213	3,122,042	14,301	13,060
Total All Activities	\$ 4,634,408	\$ 3,911,674	\$ 123,825	\$ 64,922

General Revenues:

 Taxes:

- Franchise Taxes
- Property Taxes
- Sales and Use Taxes
- Other Taxes

 Intergovernmental

 Interest Income

 Gain on Sale of Assets

 Miscellaneous

Operating Transfers In (Out)

Total General Revenues and Transfers

Change in Net Position

Net Position - Beginning

 Prior Period Adjustment (Note 24)

Net Position - Beginning (Restated)

Net Position - Ending

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

Statement B

**Net (Expenses) Revenues and
Changes in Net Position
of the Primary Government**

Governmental Activities	Business-Type Activities	Total
\$ (585,620)	\$ -	\$ (585,620)
(256,687)	-	(256,687)
(31,566)	-	(31,566)
(300,197)	-	(300,197)
(17,603)	-	(17,603)
(138,276)	-	(138,276)
(2,228)	-	(2,228)
(1,332,177)	-	(1,332,177)
-	198,513	198,513
-	630,332	630,332
-	(30,655)	(30,655)
-	798,190	798,190
(1,332,177)	798,190	(533,987)
182,681	-	182,681
49,618	-	49,618
689,590	-	689,590
9,915	-	9,915
-	50,000	50,000
259	3,029	3,288
10,730	-	10,730
8,180	-	8,180
484,000	(484,000)	-
1,434,973	(430,971)	1,004,002
102,796	367,219	470,015
2,399,959	8,054,024	10,453,983
7,200	(6,647)	553
2,407,159	8,047,377	10,454,536
\$ 2,509,955	\$ 8,414,596	\$ 10,924,551

BASIC FINANCIAL STATEMENTS
FUND FINANCIAL STATEMENTS

TOWN OF LIVINGSTON

BALANCE SHEET, GOVERNMENTAL FUNDS

AS OF DECEMBER 31, 2021

	<u>General Fund</u>
Assets	
Cash and Equivalents	\$ 250,623
Investments	141,189
Receivables, Net:	
Accounts	489
Intergovernmental	56,914
Other	62,186
Taxes	115,035
Due from Other Funds	559,520
Prepaid Insurance	34,638
Prepaid Payroll Liabilities	24,162
Total Assets	<u>\$ 1,244,756</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	
Liabilities:	
Accounts Payable	\$ 125,050
Accrued Salaries	32,208
Other Accrued Liabilities	50,065
Total Liabilities	<u>207,323</u>
Deferred Inflows of Resources:	
Ad Valorem Taxes - Unavailable	2,040
Intergovernmental - Unavailable	51,862
Total Deferred Inflows of Resources	<u>53,902</u>
Fund Balances:	
Nonspendable	58,800
Restricted	-
Unassigned	924,731
Total Fund Balances	<u>983,531</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 1,244,756</u>

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

TOWN OF LIVINGSTON

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE GOVERNMENT-WIDE FINANCIAL STATEMENT OF NET POSITION

AS OF DECEMBER 31, 2021

Fund Balances, Total Governmental Funds (Statement C)	\$	983,531
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Amounts reported for governmental activities in the Statement of Net Position are different because:

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		2,297,235
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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		(26,032)
Compensated Absences Payable		(13,784)
Net Pension Liability		(635,877)
Deferred Outflows of Resources		178,232
Deferred Inflows of Resources		(327,252)

Certain revenues were collected after year-end, but not available soon enough to pay for current expenditures, and therefore, are reported as deferred inflows of resources in the governmental funds.

Ad Valorem Taxes		2,040
Intergovernmental		51,862

Net Position of Governmental Activities (Statement A)	\$	<hr style="border: 0.5px solid black;"/> 2,509,955 <hr style="border: 0.5px solid black;"/>
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The accompanying notes are an integral part of these financial statements.

TOWN OF LIVINGSTON

STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>General Fund</u>
Revenues:	
Taxes	\$ 942,400
Licenses and Permits	190,186
Intergovernmental	91,299
Sanitation Fees	245,040
Fines and Forfeitures	152,892
Grants	1,387
Interest	259
Parks and Recreation	199,989
Miscellaneous	11,765
Total Revenues	<u>1,835,217</u>
Expenditures:	
General Government	824,996
Public Safety:	
Police	446,329
Fire	56,777
Streets	225,608
Sanitation	262,643
Recreation	240,086
Capital Outlays	95,624
Debt Service:	
Principal	5,716
Interest	2,228
Total Expenditures	<u>2,160,007</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(324,790)</u>
Other Financing Sources (Uses):	
Operating Transfers In	484,000
Sale of Fixed Assets	10,730
Total Other Financing Sources (Uses)	<u>494,730</u>
Net Change in Fund Balances	<u>169,940</u>
Fund Balances, Beginning Before Prior Period Adjustments	794,876
Prior Period Adjustments (Note 24)	18,715
Fund Balances, Beginning After Prior Period Adjustments	<u>813,591</u>
Fund Balances, Ending	<u>\$ 983,531</u>

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, 2021

Net Change in Fund Balances, Total Governmental Funds (Statement E)	\$	169,940
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Amounts reported for governmental activities in the Statement of Activities are different because:

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	\$	95,624	
Less:			
Current year depreciation		<u>(254,690)</u>	(159,066)

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.

Principal payments - capital leases		<u>5,716</u>	5,716
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Some expenses in the Statement of Activities do not require the use of current financial resources and, therefore, are not recorded as expenditures in the governmental funds.

Change in Compensated absences			(2,269)
Pension Expense			32,431

Some revenues in the Statement of Activities do not provide current financial resources and are not reported as revenues in the governmental funds.

Non-employer contributions to cost-sharing pension plan			24,693
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 amount.			(20,511)
Deferred inflows of resources for intergovernmental revenue collected after year end, but not available soon enough to pay for current expenditures changed by the following amount.			51,862

Change in Net Position of Governmental Activities (Statement B)	\$	<u>102,796</u>
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The accompanying notes are an integral part of these financial statements.

TOWN OF LIVINGSTON
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
AS OF DECEMBER 31, 2021

Statement G

	<u>Enterprise Fund</u>
Assets	
Current Assets:	
Cash and Cash Equivalents	\$ 3,701,590
Receivables, Net:	
Accounts	307,170
Other	61,620
Due from Other Governments	13,060
Inventory - Natural Gas	16,655
Prepaid Expenses	26,489
Total Current Assets	<u>4,126,584</u>
Noncurrent Assets:	
Restricted Assets:	
Restricted Cash and Cash Equivalents	<u>1,029,341</u>
Total Restricted Assets	<u>1,029,341</u>
Property, Plant, and Equipment:	
Construction in Progress	5,486,293
Property, Plant and Equipment, Net	<u>8,978,889</u>
Total Property, Plant, and Equipment	<u>14,465,182</u>
Other Assets:	
Unamortized Bond Insurance Costs	<u>46,920</u>
Total Noncurrent Assets	<u>15,541,443</u>
Total Assets	<u>19,668,027</u>
Deferred Outflows of Resources	
Pension Related	58,852
Advanced Bond Refunding	632,134
Total Deferred Outflows of Resources	<u>690,986</u>
Liabilities	
Current Liabilities:	
Accounts Payable	76,529
Other Accrued Payables	454,754
Due To General Fund	559,520
Customer Deposits	225,052
Unearned Revenue- ARPA	365,044
Revenue Bonds Payable	207,000
Compensated Absences Payable	5,724
Total Current Liabilities	<u>1,893,623</u>
Long-Term Liabilities:	
Bonds Payable	9,666,202
Net Pension Liability	278,616
Compensated Absences Payable	3,677
Total Long-Term Liabilities	<u>9,948,495</u>
Total Liabilities	<u>11,842,118</u>
Deferred Inflows of Resources	
Pension Related	<u>102,299</u>
Total Deferred Inflows of Resources	<u>102,299</u>
Net Position	
Net Investment in Capital Assets	5,521,637
Restricted for:	
Capital Projects and Debt Service	252,251
Unrestricted	<u>2,640,708</u>
Total Net Position	<u>\$ 8,414,596</u>

See accompanying notes and accountant's compilation report.

TOWN OF LIVINGSTON
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION - PROPRIETARY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Enterprise Fund</u>
Operating Revenues:	
Gas Sales	\$ 697,070
Less Cost of Gas Sold	(186,913)
Gross Profit on Gas Sales	510,157
Water Sales	1,221,783
Sewer Service Charges	1,033,869
Intergovernmental	14,301
Other	169,320
Total Operating Revenues	<u>2,949,430</u>
Operating Expenses:	
Depreciation and Amortization	411,098
Employee Benefits	167,219
Insurance	51,896
Other	234,112
Professional Fees	36,022
Repairs and Maintenance	293,091
Salaries and Wages	484,807
Supplies	28,079
Utilities	114,077
Total Operating Expenses	<u>1,820,401</u>
Operating Income (Loss)	<u>1,129,029</u>
Nonoperating Revenues (Expenses):	
Realized Gain (Loss) on Sale of Assets	-
Bond Issuance Costs	-
Grants - State	63,060
Grants - Federal	-
Interest Income	3,029
Interest Expense	(343,899)
Total Nonoperating Revenues (Expenses)	<u>(277,810)</u>
Income Before Contributions and Transfers	<u>851,219</u>
Contributions and Transfers	
Operating Transfers Out	(484,000)
Change in Net Position	<u>367,219</u>
Total Net Position, Beginning Before Prior Period Adjustments	8,054,024
Prior Period Adjustments (Note 24)	(6,647)
Net Position, Beginning After Prior Period Adjustments	<u>8,047,377</u>
Total Net Position, Ending	<u>\$ 8,414,596</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, 2021

	Enterprise Fund
Cash Flows From Operating Activities:	
Received from Customers	\$ 2,995,965
Received for Meter Deposit Fees	7,312
Other Receipts	189,729
(Payments for) Operations	(978,837)
(Payments to) Employees	(313,577)
Net Cash Provided by Operating Activities	1,900,592
Cash Flows From Noncapital Financing Activities:	
Transfers from (to) Other Funds	(484,000)
ARPA Funds Received	365,044
Other Grant Funds Received	50,000
Net Cash Used in Noncapital Financing Activities	(68,956)
Cash Flows From Capital and Related Financing Activities:	
(Payments for) Capital Acquisitions	(1,385,256)
Principal Proceeds from (Repayments for) Long Term Debt	(181,951)
Interest Payments for Long-Term Debt	(346,128)
Net Cash Used in Capital and Related Financing Activities	(1,913,335)
Cash Flows From Investing Activities:	
Receipt of Interest	3,029
Net Cash Provided by Investing Activities	3,029
Net Decrease in Cash and Cash Equivalents	(78,670)
Cash and Cash Equivalents, Beginning of Year	4,809,601
Cash and Cash Equivalents, End of Year	\$ 4,730,931
Reconciliation of Cash and Cash Equivalents to the Statement of Net Position:	
Cash and Cash Equivalents, Unrestricted	\$ 3,701,590
Cash and Cash Equivalents, Restricted	1,029,341
Total Cash and Cash Equivalents	\$ 4,730,931
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating Income	\$ 1,129,029
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation	411,098
(Increase) Decrease in Accounts Receivable	43,243
(Increase) Decrease in Other Receivable	6,108
(Increase) Decrease in Inventory	(11,393)
(Increase) Decrease in Prepaid Insurance	(4,921)
(Increase) Decrease in Deferred Outflows of Resources	58,543
(Increase) Decrease in Due (to) and from Other Funds	357,741
Increase (Decrease) in Accounts Payable	(18,021)
Increase (Decrease) in Compensated Absences	2,754
Increase (Decrease) in Deferred Inflows of Resources	94,559
Increase (Decrease) in Accrued Expenses	(175,460)
Increase (Decrease) in Customer Deposits	7,312
Net Cash Provided by Operating Activities	\$ 1,900,592

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

DECEMBER 31, 2021

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 1,877, as reported by the U.S. Census Bureau, Census 2020. 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, 675 gas customers, and 1,523 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 32 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 government that has a separately elected governing body. Under provisions of this statements, the Town is not considered a component unit of another government nor are there any component units of the Town.

1. Summary of Significant Accounting Policies -

A. Basis of Presentation

These financial statements have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. 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. Statement No. 34 established standards for financial reporting, with presentation requirements originally including a statement of net position (or balance sheet), and a statement of activities. The definition and composition of these statements, as originally defined in GASB Statement No. 34, are as amended by GASB Statements, some of which are 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 requires capital contributions to the District to be presented as a change in net position.

TOWN OF LIVINGSTON

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2021

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 position 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 Note 1 K – Net Position and Fund Balance.

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 Note 1 J – Other Long-Term Obligations.

At December 31, 2021, the Town had deferred inflows of resource recorded in the general fund of \$51,862 related to intergovernmental revenue not collected within the period of availability and \$2,040 related to ad valorem taxes not collected within the period of availability.

The Town also had the following deferred outflows and deferred inflows of resources recorded in the government wide statement of net position: deferred outflows of resources related to pension and advanced bond refunding of \$237,084 and \$632,134, respectively, at December 31, 2021; and deferred inflows of resources of \$429,551 related to pension.

B. 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.

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

TOWN OF LIVINGSTON

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2021

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 proprietary funds are presented as separate columns in the fund financial statements. For the year ending December 31, 2021, the town only reports a single governmental fund, the general fund, and only one proprietary fund, the enterprise fund.

C. 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.

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.

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. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

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.

TOWN OF LIVINGSTON

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2021

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.

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 funds:

The Enterprise Fund accounts 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. The Town's enterprise fund accounts for the operations of the town's utility systems: the water, sewer and gas utility systems.

D. 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 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 value, except nonparticipating investment contracts which are reported at cost, if any.

E. 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." The net amount of interfund receivables and payables between governmental activities and business-type activities are reported as internal balances in the government-wide statement of net position. The net amount of transfers between governmental activities and business-type activities are reported as transfers in the government-wide statement of activities.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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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:

	<u>Authorized Millage</u>	<u>Levied Millage</u>	<u>Expiration Date</u>
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.

F. 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. The Town did not have any inventory at December 31, 2021. 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.

G. 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.

H. 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 as well as within the proprietary fund 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*.

TOWN OF LIVINGSTON

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2021

All depreciable capital assets are depreciated using the straight-line method over the following estimated useful lives:

Description	Estimated Lives
Buildings and Improvements	20 - 40 Years
Parks and Improvements	7 - 20 Years
Vehicles and Equipment	5 - 15 Years
Furniture and Fixtures	5 - 10 Years
Computers and Software	5 Years
Infrastructure	20 - 40 Years
Gas System	10 - 40 Years
Water System	10 - 40 Years
Sewer System	10 - 40 Years

I. Compensated Absences

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

All full-time employees earn leave as follows:

	Minimum Years of Service			
	6 Mo. to 2 Yrs.	2 Yrs. to 5 Yrs.	5 Yrs. to 10 Yrs.	10 + Years
Vacation Leave - Hours Earned per Year	50	90	90	130
Sick Leave - Hours Earned per Year	96	120	144	144
	146	210	234	274

Employees are allowed to carryover 40 hours of vacation time each year. Additionally, vacation is paid out at retirement or termination at the employee’s current rate of pay. Vacation time accrued must be taken by the end of the fiscal year.

Employees may roll sick time each year up to a maximum which may be accumulated of one thousand four hundred forty hours sick leave. No sick days shall be taken in lieu of vacations. Sick leave is not paid to employees at retirement, termination, or any other circumstances.

The cost of leave privileges is computed in accordance with GASB Codification Section C60. As such, sick leave is recognized as a current year expenditure when leave is taken, and no liability has been accrued for unused employee sick leave.

J. Other Long-Term Obligations

TOWN OF LIVINGSTON

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2021

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 expensed 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 expensed in the period incurred under GASB 65.

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.

K. Net Position and Fund Balance

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 that also

TOWN OF LIVINGSTON

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2021

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 previously adopted GASB 54 and 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.

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

L. 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.

M. Extraordinary and Special Items

TOWN OF LIVINGSTON

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2021

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.

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

O. 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.

TOWN OF LIVINGSTON

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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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 nor any actual revenues and other sources below budget amounts resulting in unfavorable variances greater than five percent in accordance with the Local Government Budget Act for the fiscal year ended December 31, 2021.

3. Cash and Cash Equivalents -

At December 31, 2021, the Town has cash and cash equivalents (book balances) as follows:

	December 31, 2021
Cash on Hand	\$ 100
Interest-bearing Demand Deposits	4,171,348
Time and Savings Deposits	810,106
Total Cash and Cash Equivalents	<u>4,981,554</u>
Other Deposits:	
Louisiana Asset Management Pool (LAMP) (See Note 4)	141,189
Total Deposits	<u>\$ 5,122,743</u>

The cash and cash equivalents are stated at cost, which approximates market. The deposit in LAMP is stated at fair value. 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, 2021, the Town has \$5,054,383 in deposits (collected bank balances other than LAMP), consisting of \$4,244,241 in demand deposits at one bank and \$810,142 in savings deposits at two banks.

TOWN OF LIVINGSTON

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2021

The demand deposits totaling \$4,244,241 are secured from risk by \$250,000 of federal deposit insurance and \$3,994,241 of pledged securities. The \$3,994,241 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). The savings deposits at the first bank totaling \$34 and at the second bank totaling \$810,108 are secured from risk by the Trust Department of the respective bank.

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, if any.

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, 2021, other than LAMP.

At December 31, 2021, the Town's investment balances were as follows:

	Carrying Amount	Fair Market Value
Louisiana Asset Management Pool	\$ 141,189	\$ 141,189
Total	<u>\$ 141,189</u>	<u>\$ 141,189</u>

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

TOWN OF LIVINGSTON

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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GASB Statement 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 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 is 45 days (from LAMP's monthly Portfolio Holding) as of December 31, 2021.
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 offices at 800-249-5267.

5. Receivables -

TOWN OF LIVINGSTON

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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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, 2021 consist of the following:

	General Fund
Accounts	\$ 489
Taxes:	
Ad Valorem	19,800
Public Utility Franchise	38,823
Sales and Use Tax	56,412
Intergovernmental:	
State of Louisiana, Beer Tax Distribution	2,608
Other Intergovernmental Receivables	54,306
Capital Lease Proceeds	62,186
Total Receivables	<u>\$ 234,624</u>

The Enterprise Fund accounts receivable at December 31, 2021 consists of the following:

	Enterprise Fund
Accounts Receivable	
Current	\$ 258,612
31 - 60 Days	34,885
61 - 90 Days	13,247
Over 90 Days	138,717
Subtotal	445,461
Less Allowance for Bad Debt	(138,291)
Accounts Receivables, Net	307,170
Accrued Billings	-
Total Accounts Receivable	<u>\$ 307,170</u>

For the fiscal year ended December 31, 2021, there was no bad debt expense recorded.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2021

6. Interfund Receivables/Payables -

The following is a detailed list of inter-fund balances reported in the fund financial statements on December 31, 2021:

Interfund Balances	Due From Other Funds	Due To Other Funds
General Fund	\$ 559,520	\$ -
Enterprise Fund	-	(559,520)
Total Interfund Balances	<u>\$ 559,520</u>	<u>\$ (559,520)</u>

The balance due between funds represents payroll and sanitation fees due to the General Fund from the Enterprise Fund at December 31, 2021.

7. Restricted Assets -

Restricted assets for the Governmental Funds and Enterprise Fund at December 31, 2021 and 2020 were as follows:

	December 31, 2021
Restricted Cash and Cash Equivalents	
Enterprise Fund	
Customer Deposits	\$ 219,235
Bond Sinking Account	258,068
Series 2019 Construction	<u>552,038</u>
Total Restricted Assets	<u>\$ 1,029,341</u>

TOWN OF LIVINGSTON

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2021

8. Capital Assets -

Capital assets and depreciation activity as of and for the year ended December 31, 2021 for governmental activities is as follows:

Governmental Activities Capital Assets:	Beginning Balance	Increases	Decreases	Adjustments	Ending Balance
Capital Assets Not Being Depreciated:					
Land	\$ 138,634	\$ -	\$ -	\$ -	\$ 138,634
Construction in Progress	38,044	51,892	-	-	89,936
Total Capital Assets Not Being Depreciated	176,678	51,892	-	-	228,570
Capital Assets Being Depreciated:					
Buildings and Improvements	953,569	2,500	-	-	956,069
Parks and Improvements	1,532,196	-	-	-	1,532,196
Sidewalk Improvements	517,882	-	-	-	517,882
Vehicles	1,184,336	-	(28,410)	-	1,155,926
Machinery and Equipment	640,131	36,016	-	-	676,147
Furniture and Fixtures	27,270	-	-	-	27,270
Computers and Software	45,852	1,716	-	-	47,568
Infrastructure	1,064,673	3,500	-	-	1,068,173
Total Capital Assets Being Depreciated	5,965,909	43,732	(28,410)	-	5,981,231
Less Accumulated Depreciation for:					
Buildings and Improvements	579,970	25,361	-	-	605,331
Parks and Improvements	816,913	65,949	-	-	882,862
Sidewalk Improvements	339,828	25,894	-	-	365,722
Vehicles	972,349	55,474	(28,410)	-	999,413
Machinery and Equipment	571,394	28,547	-	-	599,941
Furniture and Fixtures	26,699	229	-	-	26,928
Computers and Software	43,985	1,043	-	-	45,028
Infrastructure	335,148	52,193	-	-	387,341
Total Accumulated Depreciation	3,686,286	254,690	(28,410)	-	3,912,566
Total Capital Assets Being Depreciated, Net	2,279,623	(210,958)	-	-	2,068,665
Total Governmental Activities Capital Assets, Net	\$ 2,456,301	\$ (159,066)	\$ -	\$ -	\$ 2,297,235

Depreciation was charged to governmental functions as follows:

General Government	\$ 11,771
Public Safety - Police Protection	41,019
Public Safety - Fire Protection	18,454
Public Works - Streets	87,286
Parks and Recreation	96,160
	<u>\$ 254,690</u>

Governmental Activities capital assets increased by \$67,214 before depreciation of \$226,280, with increases primarily related to \$51,892 in construction in progress for the Old Courthouse Project, and \$36,016 in machinery and equipment; \$8,141 in fire equipment, \$2,530 on public works- streets machinery and equipment, \$7,433 in recreation machinery and equipment and \$17,801 in general government machinery and equipment.

TOWN OF LIVINGSTON

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2021

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 \$32,347.

Capital assets and depreciation activity as of and for the year ended December 31, 2021 for business-type activities is as follows:

Business - Type Activities Capital Assets:	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Adjustments</u>	<u>Ending Balance</u>
Capital Assets Not Being Depreciated:					
Construction in Progress	\$ 4,454,510	\$ 1,031,783	\$ -	\$ -	\$ 5,486,293
Total Capital Assets Not Being Depreciated	<u>4,454,510</u>	<u>1,031,783</u>	<u>-</u>	<u>-</u>	<u>5,486,293</u>
Capital Assets Being Depreciated:					
Buildings and Improvements	339,947	-	-	-	339,947
Vehicles	167,968	79,175	-	-	247,143
Machinery and Equipment	426,007	625	-	-	426,632
Furniture and Fixtures	15,665	-	-	-	15,665
Computers and Software	37,226	-	-	-	37,226
Gas Utility System	574,654	27,193	-	-	601,847
Water Utility System	5,267,405	15,080	-	-	5,282,485
Sewer Utility System	9,859,069	41,387	-	-	9,900,456
Total Capital Assets Being Depreciated	<u>16,687,941</u>	<u>163,460</u>	<u>-</u>	<u>-</u>	<u>16,851,401</u>
Less Accumulated Depreciation for:					
Buildings and Improvements	128,740	8,063	-	-	136,803
Vehicles	145,501	17,996	-	-	163,497
Machinery and Equipment	217,542	24,124	-	-	241,666
Furniture and Fixtures	14,827	237	-	-	15,064
Computers and Software	37,064	139	-	-	37,203
Gas Utility System	392,966	11,255	-	-	404,221
Water Utility System	2,298,727	131,055	-	-	2,429,782
Sewer Utility System	4,228,073	216,203	-	-	4,444,276
Total Accumulated Depreciation	<u>7,463,440</u>	<u>409,072</u>	<u>-</u>	<u>-</u>	<u>7,872,512</u>
Total Capital Assets Being Depreciated, Net	<u>9,224,501</u>	<u>(245,612)</u>	<u>-</u>	<u>-</u>	<u>8,978,889</u>
Total Business - Type Activities Capital Assets, Net	<u>\$ 13,679,011</u>	<u>\$ 786,171</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,465,182</u>

Capital assets for business-type activities capital assets increased by \$1,195,243 before depreciation of \$409,072. The most significant additions included \$1,031,783 in construction in progress, of which \$1,025,898 was incurred for the Red Oak sewer treatment plant project. Additional significant additions included \$79,175 in vehicles for the purchase of two trucks, \$41,387 in sewer system for the purchase of sewer pumps, \$27,193 in gas system for additions to gas lines and \$15,080 in water system for addition of water lines.

9. Interfund Transfers -

TOWN OF LIVINGSTON

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2021

Interfund Transfers	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund		
Enterprise Fund	\$ 484,000	\$ -
Enterprise Fund		
General Fund	<u>-</u>	<u>484,000</u>
Total Interfund Transfers	<u><u>\$ 484,000</u></u>	<u><u>\$ 484,000</u></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, 2021 are as follows:

	<u>General Fund</u>	<u>Enterprise Fund</u>	<u>Total</u>
Accounts	\$ 125,050	\$ 76,529	\$ 201,579
Accrued Salaries	32,208	19,279	51,487
Other Payroll Liabilities	49,126	-	49,126
Accrued Interest	-	134,172	134,172
Construction Payable	-	61,327	61,327
Retainage Payable	-	240,108	240,108
Unclaimed Property	939	710	1,649
Other	<u>-</u>	<u>(842)</u>	<u>(842)</u>
	<u><u>\$ 207,323</u></u>	<u><u>\$ 531,283</u></u>	<u><u>\$ 738,606</u></u>

The Town also had unearned revenue of \$365,044 at December 31, 2021 which represents American Rescue Plan Act (ARPA) funding received by the Town during the fiscal year. The Town has not used any of these funds as of year-end.

11. Short-Term Debt -

The Town had no short-term debt outstanding at December 31, 2021, other than the current portion of revenue bonds payable, capital leases, or compensated absences.

12. Leases -

TOWN OF LIVINGSTON

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2021

The Town records items under capital leases as an asset and an obligation in the accompanying financial statements. At December 31, 2021, the Town had the following capital lease:

	Capital Lease Payable End of Year	Due Within One Year
<p>In June 2019, 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. 62% of this lease is recorded within the governmental funds for the Tahoes as a capital lease. The remaining 38% is recorded in the Enterprise Fund for the Dodge Ram. The assets are being depreciated over their estimated useful lives of five years. However, at 12/31/2021, the Dodge Ram was not yet acquired and as such, the asset not yet recorded. At December 31, 2021 the Enterprise Fund has repaid its portion of the capital lease and a receivable of \$38,136 remained because the assets was not acquired. This receivable amount was settled and collected subsequent to year end. Capital Lease amounts at December 31, 2021 are recorded only in the governmental activities for the Tahoes.</p>	\$ 26,032	\$ 26,032
	\$ 26,032	\$ 26,032

The Town of Livingston also has an operating lease on a copier for sixty months beginning in August 12, 2020 for 60 months at a monthly minimum payment of \$350.

13. Long-Term Obligations -

The following is a summary of long-term debt transactions for the year ended December 31, 2021:

	Governmental Activities		Business-Type Activities		Total Long-Term Debt
	Capital Leases	Rev Bonds / Cert of Indebt.	Capital Leases	Rev Bonds / Cert of Indebt.	
Beginning Balance	\$ 31,748	\$ -	\$ 19,222	\$ 9,815,000	\$ 9,815,000
Additions	-	-	-	-	-
Deletions	(5,716)	-	(19,222)	(200,000)	(200,000)
Total Debt	26,032	-	-	9,615,000	9,615,000
Less: Unamortized Premium (Discount)	-	-	-	258,202	258,202
Total Long Term Debt	\$ 26,032	\$ -	\$ -	\$ 9,873,202	\$ 9,873,202

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:

TOWN OF LIVINGSTON

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2021

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Long-Term Obligations</u>
	<u>Capital Leases</u>	<u>Compensated Absences</u>	<u>Rev Bonds / Cert of Indebt.</u>	<u>Compensated Absences</u>	
Current Portion	\$ 26,032	\$ 6,103	\$ 207,000	\$ 5,724	\$ 244,859
Long-Term Portion	-	7,681	9,408,000	3,677	9,419,358
	<u>\$ 26,032</u>	<u>\$ 13,784</u>	<u>\$ 9,615,000</u>	<u>\$ 9,401</u>	<u>\$ 9,664,217</u>

The Town also has long term liabilities for net pension liability as of December 31, 2021; \$635,877 in governmental activities and \$278,616 in business type activities related to the Town's retirement systems (see Note 15)

The general fund liquidates the obligations in governmental activities and the enterprise fund liquidates the obligations in the business-type activities.

Bonds Payable as of December 31, 2021 are as follows:

	<u>Bonds Payable End of Year</u>	<u>Due Within One 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%	\$ 3,835,000	\$ 135,000
Business Type Fund: \$5,285,000, Series 2019 Utility Revenue Bonds Dated 8/10/2019, 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%	5,190,000	70,000
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%	<u>590,000</u>	<u>2,000</u>
	<u>\$ 9,615,000</u>	<u>\$ 207,000</u>

The annual requirements to amortize all debt outstanding at December 31, 2021, are presented below. Remaining interest payments of \$5,556,324 are included.

TOWN OF LIVINGSTON

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2021

Year Ending 12/31/21	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
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	150,000	120,950	270,950	80,000	159,263	239,263	2,000	17,430	19,430
2027 to 2031	850,000	527,600	1,377,600	400,000	766,213	1,166,213	10,000	86,250	96,250
2032 to 2036	1,030,000	349,100	1,379,100	460,000	703,522	1,163,522	10,000	84,750	94,750
2037 to 2041	1,230,000	143,550	1,373,550	545,000	625,097	1,170,097	13,000	83,115	96,115
2042 to 2046	-	-	-	1,975,000	426,178	2,401,178	15,000	80,925	95,925
2047 to 2051	-	-	-	1,455,000	74,672	1,529,672	532,000	55,320	587,320
	<u>\$ 3,835,000</u>	<u>\$ 1,668,800</u>	<u>\$ 5,503,800</u>	<u>\$ 5,190,000</u>	<u>\$ 3,408,272</u>	<u>\$ 8,598,272</u>	<u>\$ 590,000</u>	<u>\$ 478,110</u>	<u>\$ 1,068,110</u>

Year Ending 12/31/21	Capital Leases \$100,744			Total		
	Principal	Interest	Total	Principal	Interest	Total
2022	\$ 26,032	\$ 1,142	\$ 27,174	\$ 233,032	\$ 322,425	\$ 555,457
2023	-	-	-	212,000	315,823	527,823
2024	-	-	-	217,000	310,063	527,063
2025	-	-	-	222,000	304,078	526,078
2026	-	-	-	232,000	297,643	529,643
2027 to 2031	-	-	-	1,260,000	1,380,063	2,640,063
2032 to 2036	-	-	-	1,500,000	1,137,372	2,637,372
2037 to 2041	-	-	-	1,788,000	851,762	2,639,762
2042 to 2046	-	-	-	1,990,000	507,103	2,497,103
2047 to 2051	-	-	-	1,987,000	129,992	2,116,992
	<u>\$ 26,032</u>	<u>\$ 1,142</u>	<u>\$ 27,174</u>	<u>\$ 9,641,032</u>	<u>\$ 5,556,324</u>	<u>\$ 15,197,356</u>

14. Flow of Funds, Restrictions on Use – Enterprise 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, 2021, 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

TOWN OF LIVINGSTON

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2021

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.

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, 2021, equaled \$342,943. The gross utility systems revenue recognized in the current year was \$2,952,722.

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 (20th) 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, 2021 the Sinking Fund was fully-funded at \$114,232.

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, 2021, Net Revenues were computed to

TOWN OF LIVINGSTON

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2021

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 214%.

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 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, 2021, equaled \$342,943. The gross utility systems revenue recognized in the current period was \$2,952,722.

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. The Town must deposit funds into the sinking fund, on or before the twentieth (20th) 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, 2021 the Sinking Fund was fully-funded at \$133,625.

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.

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 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, 2021, equaled \$342,943. The gross utility systems revenue recognized in the current period was \$2,952,722.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2021

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, 2021 the Sinking Fund was fully-funded at \$10,211.

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.

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.

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 is the administrator of a cost-sharing, multiple-employer public employee retirement systems (PERS), and is controlled and administered by a separate board of trustees. 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.

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. Any person eligible for membership whose first employment making him eligible for membership in the System occurred on or after January 1, 2013 shall become a member of the MERS Plan A Tier 2 or MERS Plan B Tier 2 of the System as a condition of employment. All employees of the Town 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

TOWN OF LIVINGSTON

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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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.

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

TOWN OF LIVINGSTON

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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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 has issued a stand-alone audit report on its financial statements for the year ended June 30, 2021. Access to the report can be found on the System's website, www.mersla.com, or on the Louisiana Legislative Auditor's website, www.la.gov.

Funding Policy. Contributions for all members are established by statute. Under Plan B, members are required by state statute to contribute five percent of their earnable compensation and the Town of Livingston is required to contribute at an actuarially determined rate. The current rate was 15.5 percent of member's earnings. Contributions to the System also include one-fourth of one percent of the ad valorem taxes collected within the respective parishes, except Orleans. 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 this system (the Municipal Employees' Retirement System) and the Employees' Retirement System of the City of Baton Rouge and Parish of East Baton Rouge. The System also receives

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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, 2021. During the year ending December 31, 2021, the Town recognized revenue as a result of support received from non-employer contributing entities of \$23,215 for its participation in MERS-Plan B.

The Town of Livingston's contributions to the System under Plan B for the years ending December 31, 2021 and 2020 were \$113,073, and \$109,216, 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, 2021, the Town reported a liability of \$538,103 for its proportionate share of the net pension liability of the System. The net pension liability was measured as of June 30, 2021 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, 2021, the Town's proportion was 0.928871%, which was an increase of 0.018395% from its proportion measured as of June 30, 2020.

For the year ended December 31, 2021, the Town recognized pension expense for the MERS System of \$103,989 representing its proportionate share of the System's net expense, including amortization of deferred amounts.

At December 31, 2021, 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	\$ -	\$ (22,206)
Changes of assumptions	21,776	-
Net difference between projected and actual earnings on pension plan investments	-	(145,415)
Changes in proportion and differences between employer contributions and proportionate share of contributions	29,087	(484)
Employer contributions subsequent to the measurement date	60,007	-
Total	\$ 110,870	\$ (168,105)

The Town reported a total of \$60,007 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2021 which will be recognized as a reduction in net pension liability in the year ended December 31, 2022.

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>	
2022	\$ (1,830)
2023	(26,595)
2024	(37,716)
2025	(51,101)
	<u>\$ (117,242)</u>

Actuarial Assumptions. A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2021 is as follows:

Valuation Date	June 30, 2021
Actuarial Cost Method	Entry Age Normal Cost
Expected Remaining Service Lives	3 years
Investment Rate of Return	6.85% (net of pension plan investment expense, including inflation)
Inflation Rate	2.5%
Salary Increases, including inflation and merit increases	
-1 to 4 years of service	7.4% (Plan B)
-More than 4 years of service	4.9% (Plan B)
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.

Discount Rate. 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.

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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, 2021 are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Portfolio Real Rate of Return
Public Equity	53%	2.31%
Public Fixed Income	38%	1.65%
Alternatives	9%	0.39%
Totals	100%	4.35%
Inflation		2.60%
Expected Arithmetic Nominal Rate		6.95%

The discount rate used to measure the total pension liability was 6.85% for the year ended June 30, 2021, which was a decrease of 0.10% from the discount rate used to measure the total pension liability for the year ended of 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 Public Retirement Systems' Actuarial Committee. 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.

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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 6.85%, 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, 2021:

	1% Decrease	Current Discount Rate	1% Increase
Rates	5.85%	6.85%	7.85%
Town of Livingston Share of NPL	\$ 825,562	\$ 538,103	\$ 294,967

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

Plan Description. The 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 or she does not have to pay social security and providing he or she 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

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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.

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

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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 issued a stand-alone audit report on its financial statements for the year ended June 30, 2021. Access to the audit report can be found on the System's website: www.lampers.org or on the Office of Louisiana Legislative Auditor's official website: www.la.state.la.us.

Funding Policy. Contributions for all members are actuarially determined as required by state law but cannot be less than 9% of the employees' earnable compensation excluding overtime but including state supplemental pay. For the year ended June 30, 2021, total contributions due from employers and employees were 43.75%. The employer and employee contribution rates for members hired prior to January 1, 2013 and Hazardous Duty members hired after January 1, 2013 were 33.75% and 10%, respectively. The employer and employee contribution rates for all Non-Hazardous Duty members hired after January 1, 2013 were 33.75% 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 36.25% and 7.5%, respectively.

The System also receives insurance premium tax monies as additional employer contributions. 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, 2021. During the year ending December 31, 2021, the Town recognized revenue as a result of support received from non-employer contributing entities of \$15,779 for its participation in MPERS.

The Town of Livingston contributions to the System for the years ending December 31, 2021 and 2020 were \$69,479 and \$82,529, respectively. Contributions for the year ending December 31, 2020 were equal to the required contributions for the year. Contributions for the year ending with the measurement date of December 31, 2021 were equal to the required contributions for the year, however contributions for the year ending December 31, 2021 were \$2,028 below the required contributions for the year.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At December 31, 2021, the Town reported a liability of \$376,390 for its proportionate share of the net pension liability of the System. The net pension liability was measured as of June 30, 2021 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

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contribution of all participating, actuarially determined. At June 30, 2021, the Town's proportion was 0.070610%, which was a decrease of 0.009915% from its proportion measured as of June 30, 2020.

For the year ended December 31, 2021, the Town recognized pension expense for the MPERS System of \$39,151 representing its proportionate share of the System's net expense, including amortization of deferred amounts.

At December 31, 2021, 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	\$ -	\$ (11,592)
Changes of assumptions	41,683	(10,737)
Net difference between projected and actual earnings on pension plan investments	-	(175,744)
Changes in proportion and differences between employer contributions and proportionate share of contributions	46,615	(63,373)
Employer contributions subsequent to the measurement date	37,916	-
Total	\$ 126,214	\$ (261,446)

The Town reported a total of \$37,916 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2021 which will be recognized as a reduction in net pension liability in the year ended December 31, 2022.

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>			
2022	\$	(13,810)	
2023		(44,903)	
2024		(53,887)	
2025		(60,548)	
	\$	(173,148)	

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Actuarial Assumptions. A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2021 is as follows:

Valuation Date	June 30, 2021
Actuarial Cost Method	Entry Age Normal Cost
Investment Rate of Return	6.750%, 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	<p>The present value of future retirement benefits is based on benefits currently being paid by the System and 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.</p>

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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, 2021 are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Portfolio Real Rate of Return
Equity	55.50%	3.47%
Fixed Income	30.50%	0.59%
Alternatives	14.00%	1.01%
Totals	100.00%	5.07%
Inflation		2.22%
Expected Arithmetic Rate		7.29%

The discount rate used to measure the total pension liability was 6.950% for the year ended June 30, 2021, which was a decrease of 0.20% from the discount rate used to measure the total pension liability for the year ended of 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 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:

	1% Decrease	Current Discount Rate	1% Increase
Rates	5.750%	6.750%	7.750%
Town of Livingston Share of NPL	\$ 655,988	\$ 376,390	\$ 143,020

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16. Restricted Fund Balances/Net Position -

At December 31, 2021, the General Fund had nonspendable fund balance of \$58,800 created from prepaid expenses.

At December 31, 2021, the proprietary fund and the business-type activities in the government-wide financial statements had restricted net position of \$252,251, 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, 2021, the Town was involved in two outstanding litigation cases:

- 1) Anne Landry, et al. vs Livingston Park and Recreation through the Town of Livingston, et. al. Docket Number: 166298, Division "C", 21st JDC Parish of Livingston, State of Louisiana
- 2) Elizabeth Milton vs. Town of Livingston, Docket Number: 176916, Division "E", 21st JDC Parish of Livingston, State of Louisiana.

The Town has risk coverage for such events disclosed above. The amount, if any, of expenditures which may be disallowed cannot be determined at this time.

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

For the fiscal year ended December 31, 2021, 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 Section N50 of the GASB Codification, the Town recorded \$26,500 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.

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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, 2021, the Town of Livingston recorded \$1,941 in 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 commitment 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, \$530,001 in engineering costs had been incurred and capitalized. The remaining commitment amount on the engineering contract at the fiscal year end was \$11,499.

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 \$4,946,808. As of the current fiscal year end, \$4,859,568 in costs had been incurred and capitalized. The remaining commitment amount on the construction contract at the fiscal year end was \$87,239.

In September 2021, the Town entered into an agreement with Kern Architects for Phase 1 of the Old Courthouse Renovation Project which primarily entailed preliminary inspection, evaluation, and due diligence services pertaining to possible renovation of the old Livingston Parish Courthouse building. The total contract amount for Phase 1 is \$200,000. As of the current fiscal year end, \$51,892 in costs had been incurred and capitalized. The remaining commitment amount on the contract at the fiscal year end was \$148,108.

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

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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. Prior Period Adjustments –

The Town restated its 2020 and 2019 financial statements in the current year to record adjustments to correct payroll related liabilities and to properly record compensated absences payable and which are reflected as a prior period adjustment to beginning Net Position and beginning Fund Balance at December 31, 2021 and detailed as follows:

General Fund	<u>2021</u>	<u>2020</u>	<u>2019</u>
Beginning Fund Balance, Before Prior Period Adjustments	\$ 794,876	\$ 712,296	\$ 754,752
Adjustment to correct payroll liabilities	18,715	18,265	18,265
Beginning Fund Balance, After Prior Period Adjustments	<u>\$ 813,591</u>	<u>\$ 730,561</u>	<u>\$ 773,017</u>
Change in Fund Balance, Before Prior Period Adjustments		\$ 82,580	\$ (42,456)
Adjustment to correct payroll liabilities		450	-
Change in Fund Balance, After Prior Period Adjustments		<u>\$ 83,030</u>	<u>\$ (42,456)</u>
Enterprise Fund	<u>2021</u>	<u>2020</u>	<u>2019</u>
Beginning Net Position, Before Prior Period Adjustments	\$ 8,054,024	\$ 7,733,014	\$ 7,401,767
Adjustment to record accrued leave	(6,647)	(6,647)	-
Beginning Net Position, After Prior Period Adjustments	<u>\$ 8,047,377</u>	<u>\$ 7,726,367</u>	<u>\$ 7,401,767</u>
Change in Net Position, Before Prior Period Adjustments		\$ 321,010	\$ 331,247
Adjustment to record accrued leave		-	(6,647)
Change in Net Position, After Prior Period Adjustments		<u>\$ 321,010</u>	<u>\$ 324,600</u>

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Government-Wide Activities	Governmental Activities			Business-Type Activities		
	2021	2020	2019	2021	2020	2019
Beginning Net Position, Before Prior Period Adjustments	\$ 2,399,959	\$ 2,463,554	\$ 2,457,162	\$ 8,054,024	\$ 7,733,014	\$ 7,401,767
Adjustment to record accrued leave	(11,515)	(11,515)	-	(6,647)	(6,647)	-
Adjustment to correct payroll liabilities	18,715	18,265	18,265			
Beginning Net Position, After Prior Period Adjustments	\$ 2,407,159	\$ 2,470,304	\$ 2,475,427	\$ 8,047,377	\$ 7,726,367	\$ 7,401,767
Change in Net Position, Before Prior Period Adjustments		\$ (63,595)	\$ 6,392		\$ 321,010	\$ 331,247
Adjustment to record accrued leave		-	(11,515)		-	(6,647)
Adjustment to correct payroll liabilities		450	-		-	-
Change in Net Position, After Prior Period Adjustments		\$ (63,145)	\$ (5,123)		\$ 321,010	\$ 324,600
		Total				
	2021	2020	2019			
Beginning Net Position, Before Prior Period Adjustments	\$ 10,453,983	\$ 10,196,568	\$ 9,858,929			
Adjustment to record accrued leave	(18,162)	(18,162)	-			
Adjustment to correct payroll liabilities	18,715	18,265	18,265			
Beginning Net Position, After Prior Period Adjustments	\$ 10,454,536	\$ 10,196,671	\$ 9,877,194			
Change in Net Position, Before Prior Period Adjustments		\$ 257,415	\$ 337,639			
Adjustment to record accrued leave		-	(18,162)			
Adjustment to correct payroll liabilities		450	-			
Change in Net Position, After Prior Period Adjustments		\$ 257,865	\$ 319,477			

25. Subsequent Events -

Subsequent events have been evaluated by management through February 28, 2023, 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, 2021.

**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, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u> <u>GAAP Basis</u>	<u>Favorable</u> <u>(Unfavorable)</u>
Revenues:				
Taxes	\$ 830,000	\$ 905,000	\$ 942,400	\$ 37,400
Licenses and Permits	208,000	190,500	190,186	(314)
Intergovernmental	207,100	83,100	91,299	8,199
Sanitation Fees	225,000	245,000	245,040	40
Fines and Forfeitures	200,000	152,000	152,892	892
Grants	120,000	18,800	1,387	(17,413)
Interest	1,500	250	259	9
Parks and Recreation	200,000	200,000	199,989	(11)
Miscellaneous	5,000	6,800	11,765	4,965
Total Revenues	<u>1,996,600</u>	<u>1,801,450</u>	<u>1,835,217</u>	<u>33,767</u>
Expenditures:				
General Government	854,700	973,300	824,996	148,304
Public Safety:				
Police	523,000	474,500	446,329	28,171
Fire	79,000	56,000	56,777	(777)
Streets	175,000	221,000	225,608	(4,608)
Sanitation	220,000	263,000	262,643	357
Health and Welfare	2,000	-	-	-
Recreation	285,000	230,000	240,086	(10,086)
Capital Outlays	325,000	127,000	95,624	31,376
Debt Service:				
Principal	15,500	15,500	5,716	9,784
Interest	1,400	1,400	2,228	(828)
Total Expenditures	<u>2,480,600</u>	<u>2,361,700</u>	<u>2,160,007</u>	<u>201,693</u>
Excess Revenues (Expenditures)	<u>(484,000)</u>	<u>(560,250)</u>	<u>(324,790)</u>	<u>235,460</u>
Other Financing Sources (Uses)				
Operating Transfers In	484,000	484,000	484,000	-
Sale of Fixed Assets	-	10,800	10,730	(70)
Donations	-	75,000	-	(75,000)
FEMA Reimbursements	-	38,000	-	(38,000)
Total Other Financing Sources (Uses)	<u>484,000</u>	<u>607,800</u>	<u>494,730</u>	<u>(113,070)</u>
Net Change in Fund Balances	<u>-</u>	<u>47,550</u>	<u>169,940</u>	<u>122,390</u>
Fund Balances, Beginning Before Prior Period Adjustments	810,646	825,187	794,876	(30,311)
Prior Period Adjustments (Note 24)	-	-	18,715	18,715
Fund Balances, Beginning After Prior Period Adjustments	<u>810,646</u>	<u>825,187</u>	<u>813,591</u>	<u>(11,596)</u>
Fund Balances, Ending	<u>\$ 810,646</u>	<u>\$ 872,737</u>	<u>\$ 983,531</u>	<u>\$ 110,794</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, 2021

Revenues	Budgeted Amounts		Actual Amounts GAAP Basis	Variance Favorable (Unfavorable)
	Original	Final		
Taxes:				
Ad Valorem	\$ 70,000	\$ 70,000	\$ 70,129	\$ 129
Franchise Taxes	160,000	160,000	182,681	22,681
Sales Taxes	600,000	675,000	689,590	14,590
Total Taxes	830,000	905,000	942,400	37,400
Licenses and Permits:				
Beer Permits	3,000	3,500	3,800	300
Building Licenses	15,000	12,000	11,977	(23)
Business Licenses	190,000	175,000	174,409	(591)
Total Licenses and Permits	208,000	190,500	190,186	(314)
Intergovernmental:				
Chiefs Supplemental Pay	3,600	3,600	3,600	-
Livingston Parish Fire Protection District 12	29,000	29,000	29,470	470
Louisiana Fire Insurance Rebate	8,500	8,500	8,535	35
Louisiana Alcoholic Beverage Tax	10,000	10,000	9,915	(85)
Recreation District 5	120,000	-	-	-
State Supplemental Pay	36,000	32,000	26,500	(5,500)
Tangipahoa Parish - Geaux Jobs	-	-	13,279	13,279
Total Intergovernmental	207,100	83,100	91,299	8,199
Grants:				
Louisiana Law Enforcement Grant	-	800	792	(8)
Recreation Trails Grant	120,000	18,000	-	(18,000)
Cares Act Funds	-	-	595	595
Total Grants	120,000	18,800	1,387	(17,413)
Other Revenues:				
Court Fees	1,000	1,500	1,525	25
Fines and Forfeitures	200,000	152,000	152,892	892
Fire Department	500	2,000	2,060	60
Interest	1,500	250	259	9
Miscellaneous Income	1,000	800	6,239	5,439
Oil, Gas, and Mineral Royalties	2,500	2,500	1,941	(559)
Parks and Recreation	200,000	200,000	199,989	(11)
Sanitation Fees	225,000	245,000	245,040	40
Total Other Revenues	631,500	604,050	609,945	5,895
Total Revenues	1,996,600	1,801,450	1,835,217	33,767

(CONTINUED)

TOWN OF LIVINGSTON

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET (GAAP BASIS) AND ACTUAL
GENERAL FUND - DETAIL (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2021

Expenditures	Budgeted Amounts		Actual Amounts GAAP Basis	Variance Favorable (Unfavorable)
	Original	Final		
General Government:				
Salaries:				
Mayor and Aldermen	100,000	100,000	97,923	2,077
Town Clerk	61,000	61,000	61,645	(645)
Court Clerk	2,400	3,000	2,367	633
Building Inspector	5,000	8,000	3,125	4,875
Part-Time Office	66,000	71,000	71,858	(858)
Benefits:				
Health Insurance (All Departments)	180,000	205,000	156,876	48,124
Retirement (All Departments, Except Police)	50,000	42,000	49,713	(7,713)
Payroll Taxes (All Departments)	75,300	72,000	58,114	13,886
Unemployment (All Departments)	2,000	2,500	1,749	751
Insurance:				
Insurance (All Departments)	100,000	136,000	89,689	46,311
Workers Compensation (All Departments)	45,000	53,000	48,325	4,675
Natural Disaster Expenditures	-	50,800	20,103	30,697
Other Expenditures:				
Dues, Subscriptions, and Meeting	15,000	15,000	14,527	473
Miscellaneous	21,000	22,000	23,488	(1,488)
Professional Fees	75,000	75,000	68,466	6,534
Repairs and Maintenance	37,000	37,000	36,987	13
Supplies:				
Office Expenditures	16,000	15,000	14,975	25
Telephone	4,000	5,000	5,066	(66)
Total General Government	854,700	973,300	824,996	148,304
Public Safety:				
Police:				
Salaries	341,000	322,000	313,958	8,042
Benefits:				
Retirement	115,000	92,000	71,889	20,111
Other Expenditures	20,000	17,500	19,810	(2,310)
Supplies	7,000	7,000	6,425	575
Vehicle Expenditures:				
Automobile Expenditures	10,000	3,000	2,276	724
Fuel	30,000	33,000	31,971	1,029
Total Police	523,000	474,500	446,329	28,171
Fire:				
Salaries	44,000	32,000	30,682	1,318
Other Expenditures	35,000	24,000	26,095	(2,095)
Total Fire	79,000	56,000	56,777	(777)
Total Public Safety	602,000	530,500	503,106	27,394

(CONTINUED)

TOWN OF LIVINGSTON

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET (GAAP BASIS) AND ACTUAL
GENERAL FUND - DETAIL (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>GAAP Basis</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>Favorable</u> <u>(Unfavorable)</u>
Highways and Streets:				
Salaries	80,000	105,000	117,261	(12,261)
Equipment Operating Expenditures	10,000	50,000	54,494	(4,494)
Miscellaneous	27,500	7,000	12,895	(5,895)
Uniform Expense	2,500	-	-	-
Repairs and Maintenance	5,000	5,000	4,245	755
Supplies	25,000	27,000	10,177	16,823
Utilities - Street Lights	25,000	27,000	26,536	464
Total Highways and Streets	<u>175,000</u>	<u>221,000</u>	<u>225,608</u>	<u>(4,608)</u>
Sanitation:				
Collection Fees	220,000	263,000	262,643	357
Total Sanitation	<u>220,000</u>	<u>263,000</u>	<u>262,643</u>	<u>357</u>
Health and Welfare:				
Other Expenditures	2,000	-	-	-
Total Health and Welfare	<u>2,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Recreation:				
Salaries	90,000	88,000	89,036	(1,036)
Other Operating	-	-	3,691	(3,691)
Other Program Expenditures	170,000	120,000	125,550	(5,550)
Repairs and Maintenance	10,000	5,000	4,670	330
Utilities	15,000	17,000	17,139	(139)
Total Recreation	<u>285,000</u>	<u>230,000</u>	<u>240,086</u>	<u>(10,086)</u>
Capital Outlays:				
General Government	25,000	30,000	77,409	(47,409)
Public Safety - Police Protection	20,000	-	-	-
Public Safety - Fire Protection	20,000	12,000	8,252	3,748
Public Works - Streets	10,000	80,000	2,530	77,470
Recreation	250,000	5,000	7,433	(2,433)
Total Capital Outlays	<u>325,000</u>	<u>127,000</u>	<u>95,624</u>	<u>31,376</u>

(CONTINUED)

TOWN OF LIVINGSTON

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET (GAAP BASIS) AND ACTUAL
GENERAL FUND - DETAIL (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>GAAP Basis</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Debt Service:				
Principal:				
Capital Leases:				
Public Safety - Police Cars	15,500	15,500	5,716	9,784
Total Principal Payments	15,500	15,500	5,716	9,784
Interest:				
Public Safety -Police Cars	1,400	1,400	2,228	(828)
Total Interest Payments	1,400	1,400	2,228	(828)
Total Expenditures	2,480,600	2,361,700	2,160,007	201,693
Excess Revenues (Expenditures)	(484,000)	(560,250)	(324,790)	235,460
Other Financing Sources (Uses)				
Operating Transfers In	484,000	484,000	484,000	-
FEMA Reimbursements	-	38,000	-	(38,000)
Sale of Fixed Assets	-	10,800	10,730	(70)
Donations	-	75,000	-	(75,000)
Total Other Financing Sources (Uses)	484,000	607,800	494,730	(113,070)
Net Change in Fund Balances	-	47,550	169,940	122,390
Fund Balances, Beginning				
Before Prior Period Adjustments	810,646	825,187	794,876	(30,311)
Prior Period Adjustments (Note 24)	-	-	18,715	18,715
Fund Balances, Beginning				
After Prior Period Adjustments	810,646	825,187	813,591	(11,596)
Fund Balances, Ending	\$ 810,646	\$ 872,737	\$ 983,531	\$ 110,794

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

	Employer's Proportion of the Net Pension Liability (Assets)	Employer's Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered- Employee Payroll	Employer's Proportionate Share of the Net Position Liability (Asset) as a Percentage of its Covered-Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	0.655337%	\$ 445,398	\$ 438,698	101.527219%	68.713552%
2016	0.725574%	\$ 601,434	\$ 539,127	111.556949%	62.110276%
2017	0.798132%	\$ 690,570	\$ 592,412	116.569212%	63.490937%
2018	0.830570%	\$ 702,523	\$ 615,508	114.137103%	63.940612%
2019	0.834954%	\$ 730,429	\$ 638,294	114.434571%	66.138800%
2020	0.910476%	\$ 825,097	\$ 705,591	116.937007%	66.260700%
2021	0.928871%	\$ 538,103	\$ 714,615	75.299707%	79.136289%

* 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

	Employer's Proportion of the Net Pension Liability (Assets)	Employer's Share of the Net Pension Liability (Asset)	Employer's Covered-Employee Payroll	Employer's Proportionate Share of the Net Position Liability (Asset) as a Percentage of its Covered-Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	0.054592%	\$ 427,671	\$ 149,358	286.339648%	70.7303%
2016	0.062740%	\$ 588,051	\$ 175,749	334.596135%	66.0422%
2017	0.061000%	\$ 532,556	\$ 157,520	338.087862%	70.0815%
2018	0.062926%	\$ 531,980	\$ 191,338	278.031546%	71.8871%
2019	0.076028%	\$ 690,462	\$ 237,425	290.812678%	71.0078%
2020	0.085250%	\$ 744,239	\$ 248,719	299.228849%	70.9450%
2021	0.070610%	\$ 376,390	\$ 215,421	174.722984%	84.0881%

* 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, 2021

Municipal Employees' Retirement System

	Contractually Required Contribution	Contributions in Relation to Contractually Required Contributions	Contribution Deficiency (Excess)	Employer's Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
2015	\$ 47,466	\$ 47,466	\$ -	\$ 508,586	9.3329%
2016	57,496	57,496	-	553,820	10.3817%
2017	74,408	74,408	-	613,474	12.1290%
2018	84,296	84,296	-	618,608	13.6267%
2019	93,171	93,171	-	665,505	14.0000%
2020	109,216	109,099	117	740,181	14.7395%
2021	113,073	113,073	-	729,505	15.5000%

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, 2021

Municipal Police Employees' Retirement System

	Contractually Required Contribution	Contributions in Relation to Contractually Required Contributions	Contribution Deficiency (Excess)	Employer's Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
2015	\$ 52,717	\$ 52,717	\$ -	\$ 172,672	30.5301%
2016	54,388	54,388	-	176,302	30.8493%
2017	56,569	56,569	-	180,955	31.2614%
2018	66,040	66,040	-	210,648	31.3509%
2019	79,725	79,725	-	246,261	32.3742%
2020	82,259	82,259	-	248,418	33.1131%
2021	71,507	69,479	2,028	226,826	30.6310%

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, 2021

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 Remaining Service Lives	Projected Salary Increase
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
2021	2021	6.850%	6.850%	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.
2021	2021	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 (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2021

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
2021	2021	6.750%	6.750%	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	Pub-2010 Public Retirement Plans 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 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.
2021	2021	Pub-2010 Public Retirement Plans 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 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.

See accountant's compilation report.

OTHER SUPPLEMENTARY INFORMATION

TOWN OF LIVINGSTON
SCHEDULE OF NET POSITION
PROPRIETARY FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2020)

	Enterprise Fund	
	2021	2020 (Restated)
Assets		
Current Assets:		
Cash and Cash Equivalents	\$ 3,701,590	\$ 2,595,557
Receivables, Net:		
Accounts	307,170	350,413
Other	61,620	67,728
Due from Other Governments	13,060	-
Inventory - Natural Gas	16,655	5,262
Prepaid Expenses	26,489	21,568
Total Current Assets	<u>4,126,584</u>	<u>3,040,528</u>
Noncurrent Assets:		
Restricted Assets:		
Restricted Cash and Cash Equivalents	1,029,341	2,214,044
Total Restricted Assets	<u>1,029,341</u>	<u>2,214,044</u>
Property, Plant, and Equipment:		
Construction in Progress	5,486,293	4,454,510
Property, Plant and Equipment, Net	8,978,889	9,224,501
Total Property, Plant, and Equipment	<u>14,465,182</u>	<u>13,679,011</u>
Other Assets:		
Unamortized Bond Insurance Costs	46,920	48,946
Total Noncurrent Assets	<u>15,541,443</u>	<u>15,942,001</u>
Total Assets	<u>19,668,027</u>	<u>18,982,529</u>
Deferred Outflows of Resources:		
Pension Related	58,852	117,395
Advanced Bond Refunding	632,134	664,413
Total Deferred Outflows of Resources	<u>690,986</u>	<u>781,808</u>
Liabilities		
Current Liabilities:		
Accounts Payable	76,529	94,550
Other Accrued Payables	454,754	626,440
Capital Lease Payable	-	9,476
Due to General Fund	559,520	201,779
Customer Deposits	225,052	217,740
Unearned Revenue - ARPA	365,044	-
Revenue Bonds Payable	207,000	200,000
Compensated Absences Payable	5,724	3,971
Total Current Liabilities	<u>1,893,623</u>	<u>1,353,956</u>
Long-Term Liabilities:		
Bonds Payable	9,666,202	9,887,432
Capital Lease Payable	-	9,746
Net Pension Liability	278,616	455,410
Compensated Absences Payable	3,677	2,676
Total Long-Term Liabilities	<u>9,948,495</u>	<u>10,355,264</u>
Total Liabilities	<u>11,842,118</u>	<u>11,709,220</u>
Deferred Inflows of Resources:		
Pension Related	102,299	7,740
Total Deferred Inflows of Resources	<u>102,299</u>	<u>7,740</u>
Net Position:		
Net Investment in Capital Assets	5,521,637	5,561,859
Restricted for:		
Capital Projects and Debt Service	252,251	247,935
Unrestricted	2,640,708	2,237,583
Total Net Position	<u>\$ 8,414,596</u>	<u>\$ 8,047,377</u>

See independent auditor's report.

TOWN OF LIVINGSTON

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2021

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2020)

	Enterprise Fund	
	2021	2020 (Restated)
Operating Revenues:		
Gas Sales	\$ 697,070	\$ 604,131
Less Cost of Gas Sold	(186,913)	(112,684)
Gross Profit on Gas Sales	510,157	491,447
Water Sales	1,221,783	1,202,654
Sewer Service Charges	1,033,869	848,301
Intergovernmental	14,301	14,666
Other	169,320	134,689
Total Operating Revenues	2,949,430	2,691,757
Operating Expenses:		
Bad Debts	-	27,709
Depreciation	411,098	402,652
Employee Benefits	167,219	236,729
Insurance	51,896	52,788
Other	234,112	244,011
Professional Fees	36,022	48,834
Repairs and Maintenance	293,091	111,298
Salaries and Wages	484,807	493,756
Supplies	28,079	29,572
Utilities	114,077	71,661
Total Operating Expenses	1,820,401	1,719,010
Operating Income (Loss)	1,129,029	972,747
Nonoperating Revenues (Expenses):		
Bond Issuance Costs	-	(29,894)
Interest Income	3,029	19,295
Interest Expense	(343,899)	(341,138)
State Grant	63,060	-
Total Nonoperating Revenues (Expenses)	(277,810)	(351,737)
Income (Loss) Before Contributions and Transfers	851,219	621,010
Operating Transfers Out	(484,000)	(300,000)
Change in Net Position	367,219	321,010
Total Net Position, Beginning		
Before Prior Period Adjustments	8,054,024	7,733,014
Prior Period Adjustments (Note 24)	(6,647)	(6,647)
Net Position, Beginning After Prior Period Adjustments	8,047,377	7,726,367
Total Net Position, Ending	\$ 8,414,596	\$ 8,047,377

See independent auditor's report.

TOWN OF LIVINGSTON

SCHEDULE OF CASH FLOWS
PROPRIETARY FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2020)

	<u>Enterprise Fund</u>	
	<u>2021</u>	<u>2020</u>
		(Restated)
Cash Flows From Operating Activities:		
Received from Customers	\$ 2,995,965	\$ 2,568,908
Received for Meter Deposit Fees	7,312	14,419
Other Receipts	189,729	163,586
Payments for Operations	(978,837)	(153,526)
Payments to Employees	(313,577)	(551,632)
Net Cash Provided by Operating Activities	<u>1,900,592</u>	<u>2,041,755</u>
Cash Flows From Noncapital Financing Activities:		
Transfers From (To) Other Funds	(484,000)	(300,000)
ARPA Funds Received	365,044	-
Other Grant Funds Received	50,000	-
Net Cash Used in Noncapital Financing Activities	<u>(68,956)</u>	<u>(300,000)</u>
Cash Flows From Capital and Related Financing Activities:		
(Payments) for Capital Acquisitions	(1,385,256)	(4,302,274)
(Payments) for Debt Issue Costs	-	(29,894)
Principal Proceeds from (Repayments for) Long-Term Debt	(181,951)	429,103
Interest Payments for Long Term Debt	(346,128)	(335,096)
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>(1,913,335)</u>	<u>(4,238,161)</u>
Cash Flows From Investing Activities		
Receipt of Interest	3,029	19,295
Net Cash Provided by Investing Activities	<u>3,029</u>	<u>19,295</u>
Net Cash Increase (Decrease) in Cash and Cash Equivalents	(78,670)	(2,477,111)
Cash and Cash Equivalents, Beginning of Year	4,809,601	7,286,712
Cash and Cash Equivalents, End of Year	<u>\$ 4,730,931</u>	<u>\$ 4,809,601</u>
Reconciliation of Cash and Cash Equivalents to the Statement of Net Position:		
Cash and Cash Equivalents, Unrestricted	\$ 3,701,590	\$ 2,595,557
Cash and Cash Equivalents, Restricted	<u>1,029,341</u>	<u>2,214,044</u>
Total Cash and Cash Equivalents	<u>\$ 4,730,931</u>	<u>\$ 4,809,601</u>

(CONTINUED)

TOWN OF LIVINGSTON

SCHEDULE OF CASH FLOWS
PROPRIETARY FUNDS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2020)

	<u>Enterprise Fund</u>	
	<u>2021</u>	<u>2020</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities		
Operating Income	\$ 1,129,029	\$ 972,747
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	411,098	402,652
(Increase) Decrease in Accounts Receivable	43,243	(58,469)
(Increase) Decrease in Other Receivable	6,108	14,231
(Increase) Decrease in Inventory	(11,393)	(2,165)
(Increase) Decrease in Prepaid Expenses	(4,921)	1,625
(Increase) Decrease in Deferred Outflows of Resources	58,543	(14,503)
(Increase) Decrease in Due (to) and from Other Funds	357,741	146,179
Increase (Decrease) in Accounts Payable	(18,021)	45,000
Increase (Decrease) in Compensated Absences	2,754	-
Increase (Decrease) in Deferred Inflows of Resources	94,559	(10,365)
Increase (Decrease) in Accrued Expenses	(175,460)	530,404
Increase (Decrease) in Customer Deposits	7,312	14,419
Net Cash Provided by Operating Activities	<u>\$ 1,900,592</u>	<u>\$ 2,041,755</u>

See independent auditor's report.

TOWN OF LIVINGSTON

COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS, ENTERPRISE FUND - UTILITY SYSTEMS

FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Gas Utility System</u>	<u>Water Utility System</u>	<u>Sewer Utility System</u>	<u>Total Enterprise Fund</u>
Operating Revenues:				
Gas Sales	\$ 697,070	\$ -	\$ -	\$ 697,070
Less Cost of Gas Sold	<u>(186,913)</u>	<u>-</u>	<u>-</u>	<u>(186,913)</u>
Gross Profit on Gas Sales	510,157	-	-	510,157
Water Sales	-	1,221,783	-	1,221,783
Sewer Service Charges	-	-	1,033,869	1,033,869
Intergovernmental	4,290	5,721	4,290	14,301
Other	<u>21,612</u>	<u>91,591</u>	<u>56,117</u>	<u>169,320</u>
Total Operating Revenues	<u>536,059</u>	<u>1,319,095</u>	<u>1,094,276</u>	<u>2,949,430</u>
Operating Expenses:				
Depreciation & Amortization	21,544	147,610	241,944	411,098
Employee Benefits	49,503	68,214	49,502	167,219
Insurance	-	51,896	-	51,896
Other	44,810	86,325	102,977	234,112
Professional Fees	13,631	12,389	10,002	36,022
Repairs and Maintenance	53,123	86,006	153,962	293,091
Salaries and Wages	145,562	193,923	145,322	484,807
Supplies	7,817	12,445	7,817	28,079
Utilities	<u>1,054</u>	<u>42,561</u>	<u>70,462</u>	<u>114,077</u>
Total Operating Expenses	<u>337,044</u>	<u>701,369</u>	<u>781,988</u>	<u>1,820,401</u>
Operating Income	<u>199,015</u>	<u>617,726</u>	<u>312,288</u>	<u>1,129,029</u>
Nonoperating Revenues (Expenses)				
Grants - State	-	63,060	-	63,060
Interest Income	33	2,559	437	3,029
Interest Expense	<u>(410)</u>	<u>(546)</u>	<u>(342,943)</u>	<u>(343,899)</u>
Total Nonoperating Revenues (Expenses)	<u>(377)</u>	<u>65,073</u>	<u>(342,506)</u>	<u>(277,810)</u>
Income Before Contributions and Transfers	<u>198,638</u>	<u>682,799</u>	<u>(30,218)</u>	<u>851,219</u>
Operating Transfers Out	<u>(145,200)</u>	<u>(193,600)</u>	<u>(145,200)</u>	<u>(484,000)</u>
Change in Net Position	<u>53,438</u>	<u>489,199</u>	<u>(175,418)</u>	<u>367,219</u>
Total Net Position, Beginning Before Prior Period Adjustments				8,054,024
Prior Period Adjustments (Note 24)				<u>(6,647)</u>
Net Position, Beginning After Prior Period Adjustments				<u>8,047,377</u>
Total Net Position, Ending				<u>\$ 8,414,596</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, ENTERPRISE FUND - GAS UTILITY SYSTEM

FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Operating Revenues:			
Gas Sales	\$ 705,000	\$ 697,070	\$ (7,930)
Less Cost of Gas Sold	<u>(190,000)</u>	<u>(186,913)</u>	<u>3,087</u>
Gross Profit on Gas Sales	515,000	510,157	(4,843)
Other			
Delinquent Charges	6,000	5,662	(338)
Service Connection Charges	16,000	15,950	(50)
Intergovernmental	<u>-</u>	<u>4,290</u>	<u>4,290</u>
Total Operating Revenues	<u>537,000</u>	<u>536,059</u>	<u>(941)</u>
Operating Expenses:			
Bad Debts	1,500	-	1,500
Depreciation	20,500	21,544	(1,044)
Employee Benefits			
Health Insurance	7,000	22,707	(15,707)
Payroll Taxes	9,000	10,605	(1,605)
Retirement	15,000	16,191	(1,191)
Other	48,000	44,810	3,190
Professional Fees	15,000	13,631	1,369
Repairs and Maintenance	83,600	53,123	30,477
Salaries and Wages			
Maintenance	105,000	123,550	(18,550)
Office	23,000	22,012	988
Supplies	8,000	7,817	183
Utilities	<u>1,500</u>	<u>1,054</u>	<u>446</u>
Total Operating Expenses	<u>337,100</u>	<u>337,044</u>	<u>56</u>
Operating Income (Loss)	<u>199,900</u>	<u>199,015</u>	<u>(885)</u>
Nonoperating Revenues (Expenses):			
Interest Income	50	33	(17)
Interest Expense	<u>(250)</u>	<u>(410)</u>	<u>(160)</u>
Total Nonoperating Revenues (Expenses)	<u>(200)</u>	<u>(377)</u>	<u>(177)</u>
Income (Loss) Before Contributions and Transfers	<u>199,700</u>	<u>198,638</u>	<u>(1,062)</u>
Contributions and Transfers:			
Operating Transfers Out	<u>(145,200)</u>	<u>(145,200)</u>	<u>-</u>
Change in Net Position	<u>\$ 54,500</u>	<u>\$ 53,438</u>	<u>\$ (1,062)</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, ENTERPRISE FUND - WATER UTILITY SYSTEM

FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Operating Revenues:			
Water Sales	\$ 1,230,000	\$ 1,221,783	\$ (8,217)
Other			
Delinquent Charges	21,000	20,842	(158)
Miscellaneous	800	808	8
Service Connection Charges	40,000	39,075	(925)
DHH Fees Collected	31,000	30,866	(134)
Intergovernmental	-	5,721	5,721
Total Operating Revenues	<u>1,322,800</u>	<u>1,319,095</u>	<u>(3,705)</u>
Operating Expenses:			
Bad Debts	2,000	-	2,000
Depreciation	147,000	147,610	(610)
Employee Benefits			
Health Insurance	8,000	32,485	(24,485)
Payroll Taxes	10,000	14,141	(4,141)
Retirement	20,000	21,588	(1,588)
Insurance	8,000	51,896	(43,896)
Other			
Contract Services	45,000	37,101	7,899
Miscellaneous	14,500	8,382	6,118
Safe Drinking Water Fees	32,000	29,814	2,186
Vehicle Expense	13,000	11,028	1,972
Professional Fees	18,000	12,389	5,611
Repairs and Maintenance	118,300	86,006	32,294
Salaries and Wages			
Maintenance	140,000	164,574	(24,574)
Office	30,000	29,349	651
Supplies	13,000	12,445	555
Utilities	46,000	42,561	3,439
Total Operating Expenses	<u>664,800</u>	<u>701,369</u>	<u>(36,569)</u>
Operating Income (Loss)	<u>658,000</u>	<u>617,726</u>	<u>(40,274)</u>
Nonoperating Revenues (Expenses):			
Grants - State	63,000	63,060	60
Interest Income	1,000	2,559	1,559
Interest Expense	(340)	(546)	(206)
Total Nonoperating Revenues (Expenses)	<u>63,660</u>	<u>65,073</u>	<u>1,413</u>
Income (Loss) Before Contributions and Transfers	<u>721,660</u>	<u>682,799</u>	<u>(38,861)</u>
Operating Transfers Out	(193,600)	(193,600)	-
Change in Net Position	<u>\$ 528,060</u>	<u>\$ 489,199</u>	<u>\$ (38,861)</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, ENTERPRISE FUND - SEWER UTILITY SYSTEM

FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Operating Revenues:			
Sewer Charges	\$ 1,033,000	\$ 1,033,869	\$ 869
Other			
Delinquent Charges	19,000	19,393	393
Licenses and Permits	3,500	3,809	309
Sewer Impact Fees	33,000	32,890	(110)
Service Connection Charges	-	25	25
Intergovernmental	-	4,290	4,290
Total Operating Revenues	<u>1,088,500</u>	<u>1,094,276</u>	<u>5,776</u>
Operating Expenses:			
Bad Debts	1,500	-	1,500
Depreciation and Amortization	235,000	241,944	(6,944)
Employee Benefits			
Health Insurance	7,000	22,706	(15,706)
Payroll Taxes	9,000	10,606	(1,606)
Retirement	15,000	16,190	(1,190)
Other			
Contract Services	40,000	35,040	4,960
Miscellaneous	28,000	25,354	2,646
Sewer Expense	45,000	42,583	2,417
Professional Fees	15,000	10,002	4,998
Repairs and Maintenance	139,500	153,962	(14,462)
Salaries and Wages			
Maintenance	105,000	123,310	(18,310)
Office	23,000	22,012	988
Supplies	8,000	7,817	183
Utilities	75,000	70,462	4,538
Total Operating Expenses	<u>746,000</u>	<u>781,988</u>	<u>(35,988)</u>
Operating Income (Loss)	<u>342,500</u>	<u>312,288</u>	<u>(30,212)</u>
Nonoperating Revenues (Expenses):			
Grants - Federal	46,000	-	(46,000)
Interest Income	50	437	387
Interest Expense	(327,250)	(342,943)	(15,693)
Total Nonoperating Revenues (Expenses)	<u>(281,200)</u>	<u>(342,506)</u>	<u>(61,306)</u>
Income (Loss) Before Contributions and Transfers	<u>61,300</u>	<u>(30,218)</u>	<u>(91,518)</u>
Contributions and Transfers:			
Operating Transfers Out	(145,200)	(145,200)	-
Change in Net Position	<u>\$ (83,900)</u>	<u>\$ (175,418)</u>	<u>\$ (91,518)</u>

See independent auditor's report.

TOWN OF LIVINGSTON

SCHEDULE OF GAS SALES AND PURCHASES
PROPRIETARY FUND TYPE

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Gas Sales and Purchases (Dollars):		
Gas Sales		
Volume mcf (Thousand Cubic Feet)	36,708	31,625
Dollar Amount	\$ 697,070	\$ 604,131
Cost of Gas Sold		
Volume mcf (Thousand Cubic Feet)	39,165	35,758
Dollar Amount	\$ (186,913)	\$ (112,684)
Gross Profit on Gas Sales	<u>\$ 510,157</u>	<u>\$ 491,447</u>
Gross Profit Percentage of Sales	73%	81%
Gas Unaccounted For:		
Volume mcf (Thousand Cubic Feet)	2,457	4,133
Average Cost of Unaccounted for Gas	\$ 11,728	\$ 13,025
Percentage of Purchases	6%	12%
Number of Customers:		
In Service		
Residential	652	647
Commercial	20	20
Industrial	3	3
Total Number of Customers	<u>675</u>	<u>670</u>
Computed Amounts per Customer (per mcf (Thousand Cubic Feet)):		
Gas Sales	\$ 18.99	\$ 19.10
Gas Purchases	(4.77)	(3.15)
Subtotal	14.22	15.95
Unaccounted for Gas Purchases	<u>(0.30)</u>	<u>(0.36)</u>
Gross Profit	<u>\$ 13.92</u>	<u>\$ 15.59</u>
Average Monthly Customer Bill:		
Residential	\$ 54.82	
Commercial	\$ 1,194.84	
Industrial	\$ 24.00	

See independent auditor's report.

TOWN OF LIVINGSTON

SCHEDULE OF GAS, WATER AND SEWER RATES
PROPRIETARY FUND TYPE

FOR THE YEAR ENDED DECEMBER 31, 2021

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
\$ 32.00	\$ 34.50		- First 2,000 Gallons (Flat Fee)
\$ 3.20	\$ 3.95		Per 1,000 Gallons for all over 2,000 Gallons
		\$ 46.00	- First 5,000 Gallons (Flat Fee)
		\$ 5.50	- Per 1,000 Gallons for all over 5,000 Gallons
			\$ 100.00 - First 25,000 Gallons (Flat Fee)
			\$ 6.00 - Per 1,000 Gallons for all over 25,000 Gallons

;See independent auditor's report.

SCHEDULE OF NUMBER OF UTILITY CUSTOMERS
PROPRIETARY FUND TYPE

FOR THE YEAR ENDED DECEMBER 31, 2021

	Residential	Commercial	Industrial	Total
Gas	652	20	3	675
Water	2,515	88	3	2,606
Sewer	1,441	79	3	1,523
Total	<u>4,608</u>	<u>187</u>	<u>9</u>	<u>4,804</u>

See independent auditor's report.

TOWN OF LIVINGSTON
SCHEDULE OF INSURANCE

FOR THE YEAR ENDED DECEMBER 31, 2021

Insurance Company/ Policy Number	Coverage	Amount	Period
Lloyd's London LMA2100068	Commercial Auto Physical Damage Auto Physical Damage	\$ 716,807	5/25/2021 to 5/25/2022
LMA2100070	Commercial Auto Physical Damage - Fire Department Auto Physical Damage	\$ 510,000	5/25/2021 to 5/25/2022
EMC Insurance Company T224447-22	Government Crime Policy Employee Theft	\$ 25,000	1/23/2021 to 1/23/2022
2X41022-22	Business Protection Building Personal Property Inland Marine	\$ 737,849 \$ 52,209 \$ 60,000	12/10/2021 to 12/10/2022
S089816	Fidelity Bond	\$ 300,000	9/22/2021 to 9/22/2022
1X2-09-15-22	Business Protection Inland Marine	\$ 161,095	12/10/2021 to 12/10/2022
Louisiana Municipal Risk Management Agency 100-1158-2021-17941	Liability Policy 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	5/23/2021 to 5/23/2022

See independent auditor's report.

TOWN OF LIVINGSTON

SCHEDULE OF COMPENSATION PAID TO BOARD MEMBERS

FOR THE YEAR ENDED DECEMBER 31, 2021

<u>Name and Title / Contact Number</u>	<u>Address</u>	<u>Compensation Received</u>
Jonathan "JT" Taylor, Mayor (225) 405-5840	P.O. Box 1221 Livingston, LA 70754	\$ 66,242
Joey Sibley, Alderman (225) 686-7533	P.O. Box 643 Livingston, LA 70754	6,000
Robert Stewart, Alderman (225) 301-1418	P.O. Box 1091 Livingston, LA 70754	6,000
Kacie Stewart, Alderwoman (225) 413-6187	P.O. Box 1332 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>\$ 96,242</u>

All Terms Expire on December 31, 2024

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.

TOWN OF LIVINGSTON

SCHEDULE OF COMPENSATION, BENEFITS, REIMBURSEMENTS,
AND OTHER PAYMENTS TO AGENCY HEAD

FOR THE YEAR ENDED DECEMBER 31, 2021

Agency Head Name: Jonathan "JT" Taylor, Mayor

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 60,242
Benefits - Insurance	19,574
Benefits - Retirement	9,325
Employer Paid Medicare and Social Security	4,804
Per Diem - Board Meetings	6,000
Telephone Reimbursements	900
Conference Fees	250
Travel	416
Fuel Expense	720
Other Vehicle Expenses	108
Business Meals	584
Uniforms	296
Other	164
	<u>\$ 103,383</u>

See independent auditor's report.

TOWN OF LIVINGSTON

JUSTICE SYSTEM FUNDNG SCHEDULE - COLLECTING/DISBURSING ENTITY

FOR THE YEAR ENDED DECEMBER 31, 2021

Cash Basis Presentation	First Six Month Period Ended 06/30/2021	Second Six Month Period Ended 12/31/2021
Beginning Balance of Amounts Collected (i.e. Cash on Hand)	\$ -	\$ -
Add: Collections		
Criminal Fines - Other	98,451	61,321
Subtotal Collections	<u>98,451</u>	<u>61,321</u>
Less: Disbursements to Governments and Nonprofits:		
<i>Florida Parishes Juvenile Justice Center, Criminal Court Cost/Fees</i>	2,520	1,175
<i>Louisiana Commission on Law Enforcement, Criminal Court Cost/Fees</i>	988	461
<i>Louisiana Judicial College, Criminal Court Cost/Fees</i>	252	118
<i>Treasurer, State of Louisiana - CMIS, Criminal Court Cost/Fees</i>	504	235
Less: Amounts Retained by Collecting Agency		
Town of Livingston, Criminal Fines - Other	94,187	59,332
Subtotal Disbursements/Retainage	<u>98,451</u>	<u>61,321</u>
Total: Ending Balance of Amounts Collected but not Disbursed/Retained	\$ <u>-</u>	\$ <u>-</u>

Other Information:		
Ending Balance of Total Amounts Assessed but not yet Collected	46,938	60,748
Total Waivers During the Fiscal Period	4,964	6,282

See independent auditor's report.

Minda B. Raybourn
Certified Public Accountant
Limited Liability Company

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Franklinton, Louisiana 70438
(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 AUDITING STANDARDS*

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

We 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 Town of Livingston, Louisiana, as of and for the year ended December 31, 2021 and the related notes to the financial statements, which collectively comprise Town Of Livingston, Louisiana’s basic financial statements and have issued our report thereon dated February 28, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Town of Livingston, Louisiana’s internal control over financial reporting (internal control) as a basis for designing 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 Town of Livingston, Louisiana’s internal control. Accordingly, we do not express an opinion on the effectiveness of 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.

Our 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 were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses as item 2021-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

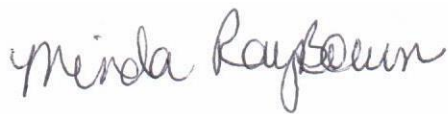
As part of obtaining reasonable assurance about whether Town of Livingston, Louisiana’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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 2021-002.

Town Of Livingston, Louisiana’s Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Town of Livingston, Louisiana’s response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Town of Livingston, Louisiana’s response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

The purpose of this report is solely to describe the scope of our 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
Franklinton, LA
February 28, 2023

**TOWN OF LIVINGSTON, LOUISIANA
SCHEDULE OF AUDIT FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2021**

Internal Control Findings

Finding 2021-001 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.

Noncompliance Findings

Finding 2021-002 Late Submittal of Audit Report

Criteria: Local auditees must engage a CPA firm approved by Louisiana Legislative Auditors to perform its audit or other engagement no later than sixty days after its fiscal year end. The statutory due date for an agency to file the audit report is six months after the fiscal year end.

Condition: The agency's report was submitted February 2023.

Cause: The Town's external CPA firm had a high amount of turnover among the firm's staff. This caused the compilation report to be submitted in December 2022 to the auditor.

Effect: Noncompliance with state audit law.

Recommendation: The Town should monitor the deadlines and work diligently to have its audit complete and submitted as soon as possible.

Management's Response: We will have the external CPA firm start the close of the year and compilation report as soon as possible after the end of the fiscal year.

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

**TOWN OF LIVINGSTON
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2020**

Schedule of Prior Year Findings and Responses

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.

Status: Unresolved.

**TOWN OF LIVINGSTON
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2020**

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).

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.

Status: Resolved.

Minda B. Raybourn

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Honorable Mayor Jonathan “JT” Taylor
And Members of the Board of Aldermen
PO Box 430
Livingston, LA 70754
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor’s (LLA’s) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2021 through December 31, 2021. Town of Livingston, Louisiana’s (the “Town”) management is responsible for those C/C areas identified in the SAUPs.

The Town has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA’s SAUPs for the fiscal period January 1, 2021 through December 31, 2021. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain and inspect the entity’s written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity’s operations:

- a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget.
- b) *No exceptions to this procedure.*
Purchasing, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the Public Bid Law; and (5) documentation required to be maintained for all bids and price quotes.
No exceptions to this procedure.
- c) **Disbursements**, including processing, reviewing, and approving.
No exceptions to this procedure.
- d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
No exceptions to this procedure.
- e) **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.
- f) *No exceptions to this procedure.*
- g) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
No exceptions to this procedure.
- h) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
No exceptions to this procedure.
- i) **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
No exceptions to this procedure.
- j) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained

to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.

No exceptions to this procedure.

- k) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

No exceptions to this procedure.

- l) **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

No exceptions to this procedure.

- m) **Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Items 2 and 3 are not addressed in the Town's sexual harassment policy.

Board or Finance Committee

- 2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:

- a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

No exceptions to this procedure.

- b) For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds *Alternately, for those entities reporting on the nonprofit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

No exceptions to this procedure.

- c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting

during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

This is not applicable. The Town's unassigned general fund balance is positive.

Bank Reconciliations

3. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:

The listing of bank accounts and management's representation were obtained. The main operating accounting and 4 additional accounts were selected.

- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);

No exception to this procedure.

- b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

The mayor and town clerk initial and date the bank reconciliations.

- c) Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

The general fund bank account, utility fund operating account, and customer meter deposit account have checks older than 12 months.

Collections (excluding electronic funds transfers)

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

A listing of deposit sites and management's representation was obtained

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of

employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

- a) Employees responsible for cash collections do not share cash drawers/registers.

Employees responsible for cash do not share cash drawers.

- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit.

The billing clerk will collect cash. The utility clerk will make the deposit. The town clerk will reconcile collection documentation to the deposit.

- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

The billing clerk will collect cash. The utility clerk will make the deposit. The town clerk will reconcile general ledger postings to the deposit..

- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, are not responsible for collecting cash, unless another employee/official verifies the reconciliation.

The town clerk reconciles cash collections to the general ledger by revenue source.

6. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe the bond or insurance policy for theft was enforced during the fiscal period.

The town has bond coverage on employee's who have access to cash.

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

- a) Observe that receipts are sequentially pre-numbered.
- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
- c) Trace the deposit slip total to the actual deposit per the bank statement.
- d) Observe the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
- e) Trace the actual deposit per the bank statement to the general ledger.

There were no exceptions to procedures a through e.

Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

Management's representation was obtained. The entity has one location that processes payments.

9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

A department supervisor can initiate a purchase request, the department supervisor will sign the purchase order, and the employee can order or make the purchase after approval. The town clerk approves purchase orders..

- b) At least two employees are involved in processing and approving payments to vendors.

The town clerk processes payments to vendors. The Mayor approves the payments. Minutes reflect board approval of the bill payments.

- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

The town clerk can add or modify vendor files once the addition of a new vendor is approved by the Mayor.

- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

The town clerk mails the checks once they are signed.

[Note: Exceptions to controls that constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality) should not be reported.]

10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and:

- a) Observe whether the disbursement matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity.

No exceptions to this procedure.

- b) Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

No exceptions to this procedure.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

Management's listing of credit cards and management's representation was obtained. The Town has one credit card and 2 fuel cards.

12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

- a) Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]

No exceptions to this procedure.

- b) Observe that finance charges and late fees were not assessed on the selected statements.

No exceptions to this procedure.

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e., each card should have 10 transactions subject to testing). For each transaction, observe it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating

control to address missing receipts, such as a “missing receipt statement” that is subject to increased scrutiny.

No exceptions to this procedure.

Travel and Travel-Related Expense Reimbursements (excluding card transactions)

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management’s representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

The listing of travel expenses and management’s representation were obtained.

- a) If reimbursed using a per diem, observe the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

Reimbursement rate was under the rates established by the state and US GSA.

- b) If reimbursed using actual costs, observe the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

No exceptions to this procedure.

- c) Observe each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).

No exceptions to this procedure.

- d) Observe each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

No exceptions to this procedure.

Contracts

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management’s representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner’s contract, and:

Management's listing and management's representations were obtained.

- a) Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

No exceptions to this procedure.

- b) Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter).

No exceptions to this procedure

- c) If the contract was amended (e.g., change order), observe the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, was approval documented).

This was not applicable.

- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe the invoice and related payment agreed to the terms and conditions of the contract.

There were no exceptions to this procedure.

Payroll and Personnel

16. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

A listing and management's representation were obtained.

17. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:

- a) Observe all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, officials are not eligible to earn leave and do not document their attendance and leave. However, if the official is earning leave according to a policy and/or contract, the official should document his/her daily attendance and leave.)

No exceptions to this procedure.

- b) Observe whether supervisors approved the attendance and leave of the selected employees or officials.

No exceptions to this procedure.

- c) Observe any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

No exceptions to this procedure.

- d) Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.

No exceptions to this procedure.

- 18. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee or officials' cumulative leave records, agree the pay rates to the employee or officials authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity policy.

Two employees were terminated. No exceptions to this procedure.

- 19. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

The third quarter payroll taxes for state withholding were paid in January 2022. All other payroll taxes, retirement contributions, health insurance, and workers' compensation premiums were paid timely.

Ethics

- 20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above obtain ethics documentation from management, and:

- a. Observe whether the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

Of the 5 randomly selected employees/officials, 4 did not have ethics certificates.

- b. Observe whether the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

No changes were made to the entity's ethics policy during the fiscal period.

Debt Service

- 21. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the

listing, obtain supporting documentation, and observe State Bond Commission approval was obtained for each debt instrument issued.

A listing of bonds and management representation were obtained. The Town did not have issuances of debt in 2021.

22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

No exception to this procedure.

Fraud Notice

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

Management asserted there were no misappropriations. Management's representations were obtained.

24. Observe the entity has posted, on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

No exception to this procedure.

Information Technology Disaster Recovery/Business Continuity

25. Perform the following procedures, **verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."**

- a) Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.

I performed the procedure and discussed the results with management.

- b) Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel

responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.

I performed the procedure and discussed the results with management.

- c) Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

I performed the procedure and discussed the results with management.

Sexual Harassment

- 26. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.

Of the 5 randomly selected employees/officials, 3 did not have sexual harassment training certificates.

- 27. Observe the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).

No exception to this procedure.

- 28. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe it includes the applicable requirements of R.S. 42:344:

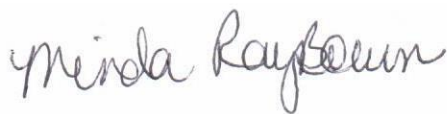
- a) Number and percentage of public servants in the agency who have completed the training requirements;
- b) Number of sexual harassment complaints received by the agency;
- c) Number of complaints which resulted in a finding that sexual harassment occurred;
- d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
- e) Amount of time it took to resolve each complaint.

The Town did not have the sexual harassment report.

We were engaged by the Town to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

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

Minda B. Raybourn CPA
Franklinton, LA
February 28, 2023