

TOWN OF LIVINGSTON, TENNESSEE

Audited Financial Statements

For the Fiscal Year Ended June 30, 2022

TOWN OF LIVINGSTON, TENNESSEE

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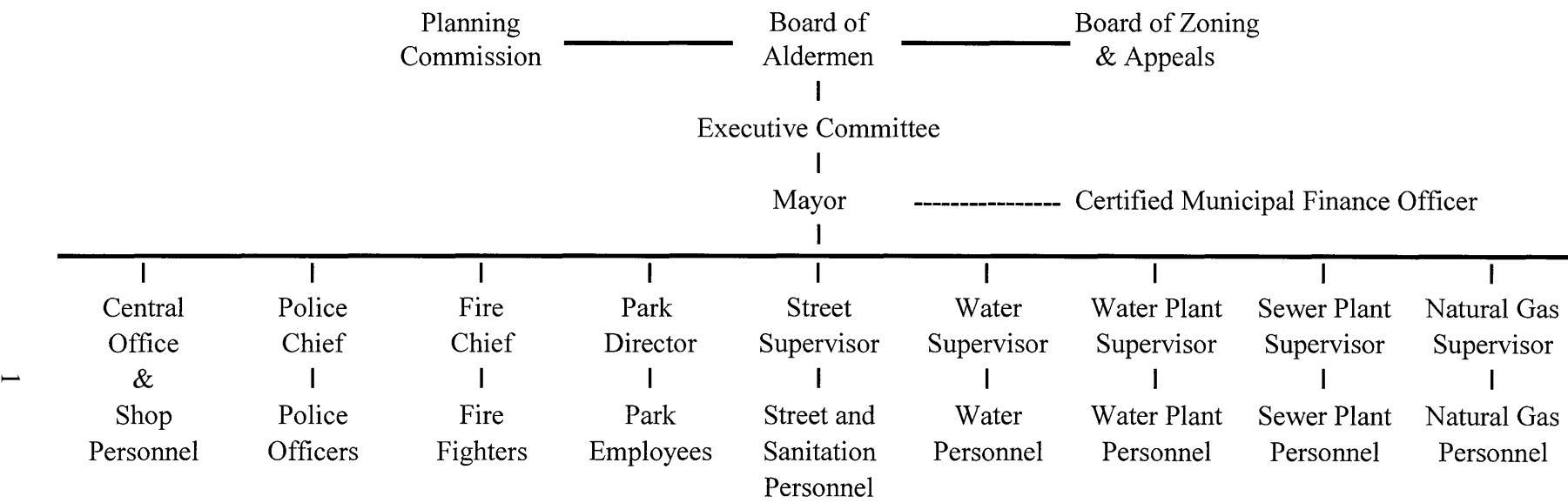
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INTRODUCTORY SECTION

TOWN OF LIVINGSTON, TENNESSEE

Organizational Chart

June 30, 2022



Executive Committee is comprised of the Mayor and Vice Mayor

TOWN OF LIVINGSTON, TENNESSEE
LIST OF PRINCIPAL OFFICIALS

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Curtis Hayes, Jr., Mayor
Joel Parks, CMFO
Kelly Williams, City Judge

Aldermen

Ken Dodson, Vice Mayor
John Clough
Kelly Coleman
Rex Dale
David Langford
Chris Speck

FINANCIAL SECTION

INDEPENDENT ACCOUNTANTS' AUDIT REPORT

Mayor and Board of Aldermen
Town of Livingston, Tennessee
Livingston, Tennessee

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Livingston, Tennessee as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Town of Livingston, Tennessee's basic financial statements as listed in the table of contents.

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Livingston, Tennessee as of June 30, 2022, the respective changes in its financial position and, where applicable, cash flows thereof and the respective budgetary comparisons of the general fund 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Town of Livingston, Tennessee 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 misstatements, 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 Town of Livingston, Tennessee's ability to continue as a going concern within twelve months after the date of the financial statements, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' 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 auditors' report that includes our opinion. 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 and *Government 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 and *Government 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 Town of Livingston, Tennessee'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 Town of Livingston, Tennessee'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/Management's Discussion and Analysis

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 7 to 11, the schedule of changes in net pension liability(asset) and related ratios based on participation in the public employee pension plan of TCRS on page 50, schedule of contributions based on participation in the public employee pension plan of TCRS on page 51, and notes to the schedule of contributions on page 52 be presented to supplement the financial statements. Such information is the responsibility of management and, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the 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 financial statements, and other information we obtained during our audit of the 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 an opinion on the financial statements that collectively comprise Town of Livingston, Tennessee's financial statements. The accompanying information listed in the table of contents as other supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements. The schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules, schedule of capital assets used in the operation of governmental funds, schedule of changes in property taxes receivable, schedule of uncollected taxes filed with Clerk and Master – last ten years, schedule of changes in lease obligations, schedule of changes in all long-term notes and bonds, schedule of maturities of indebtedness and interest requirements and schedule of expenditures of federal awards and state financial assistance and related notes and schedule of operating transfers are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Information

Management is responsible for the other information included in the financial statements. The other information comprises the schedule of enterprise funds utility rates in force, organizational chart, and list of principal officials but does not include the basic financial statements and our auditors' report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 14, 2023 on our consideration of Town of Livingston, Tennessee's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Town of Livingston, Tennessee's 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, Tennessee's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Mitchell Emert & Hill". The signature is fluid and cursive, with "Mitchell" on the top line, "Emert" on the middle line, and "& Hill" on the bottom line.

August 14, 2023

MANAGEMENT'S DISCUSSION & ANALYSIS

For the Fiscal Year ending June 30, 2022

Town of Livingston

Introduction

The Management's Discussion and Analysis (MD&A) is a required supplementary component of the Town's annual audit report. The MD&A portion of this audit report has been prepared by management of the Town of Livingston, and presents a narrative overview and analysis of the Town's financial performance for the fiscal year ended June 30, 2022.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Town of Livingston's basic financial statements. The Town's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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.

The *statement of net position* presents information on all of the Town's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in 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. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes). Interfund services provided and used are not eliminated in the process of consolidation.

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 uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into two categories: governmental funds and proprietary funds.

Governmental funds

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Town's near-term financing decisions.

Overview of the Financial Statements (Continued)

Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Proprietary funds

The Town of Livingston maintains two *enterprise funds* that are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Town of Livingston uses enterprise funds to account for its Water and Sewer Fund and for its Natural Gas Fund. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and Sewer Fund and for the Natural Gas Fund, both of which are considered to be major funds of the Town of Livingston.

Notes to the financial statements

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

Condensed financial information

The following schedules presents a summary of the financial position for the fiscal years ended June 30, 2022 and 2021 and the amount and percentage of increases and decreases in relation to the year ended June 30, 2021.

Governmental Activities

<u>Statement of Net Position</u>	<u>FY 22</u>	<u>FY 21</u>	<u>Percentage</u> <u>Inc / (Dec)</u>
Total assets	\$17,715,367	\$16,150,811	9.7
Deferred outflows of resources	1,074,779	240,406	347.1
Total liabilities	2,375,167	2,591,276	(8.3)
Total deferred inflows of resources	3,176,877	1,556,099	104.2
Net invested in capital assets	7,511,586	7,502,071	0.1
Restricted net position	<u>1,263,045</u>	<u>844,680</u>	49.5
Unrestricted net position	<u>4,463,471</u>	<u>3,897,091</u>	14.5

Statement of Activities

Revenues

Charges for services	\$ 115,154	\$ 116,555	(1.2)
Operating grants and contributions	872,640	636,359	37.1
Capital grants and contributions	267,276	228,330	17.1
General revenues:			
Taxes	3,420,231	3,208,825	6.6
Intergovernmental	626,553	624,068	0.4
Other revenues	<u>558,087</u>	<u>207,423</u>	169.1
	<u>5,859,941</u>	<u>5,021,560</u>	16.7

Expenses

General government	1,037,615	867,730	19.6
Public safety	1,718,988	1,408,396	22.1
Streets	1,146,231	969,889	18.2
Recreation	358,362	299,434	19.7
Airport	492,035	465,469	5.7
Sanitation	103,901	103,769	0.1

Governmental Activities (Cont.)	<u>FY 22</u>	<u>FY 21</u>	<u>Percentage Inc / (Dec)</u>
Interest on long-term debt	\$ <u>64,868</u> <u>4,922,000</u>	\$ <u>71,661</u> <u>4,186,348</u>	(9.5) 17.6
Increase/decrease in net position before transfers	937,941	835,212	12.3
Transfers	<u>56,319</u>	<u>72,241</u>	(22.0)
Increase/(decrease) in net position	994,260	907,453	9.6
Net position, beginning	<u>12,243,842</u>	<u>11,336,389</u>	8.0
Net position, ending	<u>\$13,238,102</u>	<u>\$12,243,842</u>	8.1

Significant increases compared to the prior year include Deferred Outflows and Inflows of Resources due to state retirement adjustments; Total Assets due to a stronger cash position resulting, in part, from unspent grant funds totaling \$600,696; Operating Grants and Contributions due in part to additional COVID 19 government funding; and Other Revenues due primarily to sale of assets and contributions. There were no notable significant decreases.

Capital Expenditures

The more significant capital purchases include airport improvements totaling \$151,893 and a 2004 dump truck for \$33,500.

Business-Type Activities	<u>FY 22</u>	<u>FY 21</u>	<u>Percentage Inc / (Dec)</u>
<u>Statement of Net Position</u>			
Capital assets net of accumulated depr	\$28,615,907	\$27,591,806	3.7
Other assets	<u>2,564,885</u>	<u>2,194,230</u>	16.9
Total assets	<u>\$31,180,792</u>	<u>\$29,786,036</u>	4.7
Deferred outflows of resources	<u>793,560</u>	<u>279,814</u>	183.6
Long-term liabilities	\$11,543,145	\$12,537,422	(7.9)
Other liabilities	<u>2,102,622</u>	<u>1,327,031</u>	58.4
Total liabilities	<u>13,645,767</u>	<u>13,864,453</u>	(1.6)
Total deferred inflows of resources	<u>744,414</u>	<u>99,075</u>	651.4
Net invested in capital assets	15,817,202	13,974,216	13.2
Restricted net position	509,997	162,045	214.7
Unrestricted net position	<u>1,256,972</u>	<u>1,966,061</u>	(36.1)
Total net position	<u>\$17,584,171</u>	<u>\$16,102,322</u>	9.2
<u>Statement of Activities</u>			
Revenues			
Charges for services	\$6,860,277	\$6,377,755	7.6
Capital grants and contributions	673,411	86,444	679.0
Intergovernmental	-	-	
Other	<u>481</u>	<u>51,562</u>	(99.1)
	<u>7,534,169</u>	<u>6,515,761</u>	15.6

Business-Type Activities (Cont.)	<u>FY 22</u>	<u>FY 21</u>	<u>Percentage Inc / (Dec)</u>
Expenses			
Water & sewer	\$3,941,770	\$3,855,446	2.2
Natural gas	<u>2,089,194</u>	<u>1,937,834</u>	7.8
	<u>6,030,964</u>	<u>5,793,280</u>	4.1
Increase in net position before transfers	1,503,205	722,481	108.1
Transfers	<u>(56,319)</u>	<u>(72,241)</u>	(22.0)
Increase in net position	1,446,886	650,240	122.5
Net position, beginning	16,102,322	15,452,082	4.2
Prior period adjustment	<u>34,963</u>	<u>-</u>	100.0
Net position, ending	<u>\$17,584,171</u>	<u>\$16,102,322</u>	9.2

Significant increases compared to the prior year include Deferred Outflows and Inflows of Resources due to state retirement adjustments; Other Liabilities due primarily to increased accounts payable related to water system improvements; and Capital Grants and Contributions due to the receipt of a community development block grant amounting to \$586,433 for water system improvements.

Capital Expenditures

Significant capital expenditures placed in service during FY22 include water and sewer improvements amounting to \$1,021,620.

Financial Analysis – General Fund

Highlights of Governmental Fund Balance Sheet include:

- The Town makes available to qualifying parties' loans to purchase parcels of land within the industrial park for facility construction.
- Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds" on the Governmental Fund Balance Sheet. The net amount of these accounts is eliminated in conversion to the Statement of net position.
- Net position related to police programs is restricted by law, while net position related to inventories and debt service are restricted by the Board of Aldermen.

General Fund Budgetary Highlights

The Town adopts an annual budget for its General Fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget. Overall, the Town's expenditures remained within appropriations of each major category.

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Increase (Decrease)</u>
Revenue			
Taxes	\$3,098,913	\$3,333,213	\$ 234,300
Intergovernmental	543,900	1,556,900	1,013,000
Licenses and permits	24,000	69,800	45,800
Charges for current services	60,500	58,000	(2,500)
Fines and forfeits	44,000	44,000	-
Other local revenues	<u>127,500</u>	<u>399,500</u>	<u>272,000</u>
	<u>3,898,813</u>	<u>5,461,413</u>	<u>1,562,600</u>

	Original <u>Budget</u>	Final <u>Budget</u>	Increase (Decrease)
Expenditures			
General government	\$1,068,212	\$1,314,212	\$ 246,000
Public safety	1,621,500	1,667,000	45,500
Public service	<u>1,215,382</u>	<u>1,466,382</u>	<u>251,000</u>
	<u>3,905,094</u>	<u>4,447,594</u>	<u>542,500</u>
Excess (deficiency) of revenues over expenditures	(6,281)	1,013,819	1,020,100
Other financing sources (uses)	<u>55,000</u>	<u>(145,000)</u>	<u>(200,000)</u>
Net change in fund balances	48,719	868,819	820,100
Fund balance, beginning	2,835,597	3,125,189	289,592
Changes in reserves for inventory	<u>1,000</u>	<u>1,000</u>	<u>-</u>
Fund balance, ending	<u>\$2,885,316</u>	<u>\$3,995,008</u>	<u>\$1,109,692</u>

The original budgets for taxes, intergovernmental and other financing sources increased due to initially using conservative estimates. The general government and public service original budgets increased significantly as the timeline for the various projects was undeterminable when the budget was prepared in June 2021.

Financial Analysis – Proprietary Funds

Enterprise Operations – There are two enterprise operations of the Town: Water and Sewer Fund and Natural Gas Fund. Combined assets of the two funds at June 30, 2022, totaled \$31,457,1456. The Board of Aldermen imposes restrictions on net position related to debt service.

Debt Administration

As of June 30, 2022, the Town had outstanding bonds and notes in its proprietary funds totaling \$12,664,218. This debt consists of Water & Sewer bonds of \$9,643,134 and capital outlay notes payable of \$3,020,546. See Note 5 on pages 37-40 for more detailed information concerning long-term debt.

Economic Issues and Problem Areas

The trend at the state level is toward taking more and more of local government's share of state collected taxes (sales, gas, income, etc.). Many cities have been forced to increase their local property and other taxes in order to make ends meet. The alternative is to cut services such as police, fire, and street paving.

Independent Audit

State statutes require an annual audit by an independent certified public accounting firm. In addition to meeting the requirements set forth in state statutes, the audit is conducted in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States of America. The auditor's report on the basic financial statements and supplementary schedules is included in the financial section of this report.

Contacting the Town's Financial Management

The financial report is designed to provide a general overview of the Town's finances for all those with an interest in the Town's finances. If you have questions about this report or need additional financial information, contact the Town of Livingston, 301 McHenry Circle, Livingston, TN 38570. Our phone number is 931-823-1269.

TOWN OF LIVINGSTON, TENNESSEE

Statement of Net Position

June 30, 2022

	Governmental Activities	Business Activities	Total
ASSETS			
Cash and cash equivalents	\$ 3,914,322	\$ 2,810,812	\$ 6,725,134
Investments	185,558	-	185,558
Receivables, net of allowance for uncollectibles			
Taxes	1,684,430	-	1,684,430
Utility customers	6,098	113,234	119,332
Due from other governments - current	354,870	-	354,870
Other	63,049	-	63,049
Internal balances	1,167,202	(1,167,202)	-
Inventories, at cost	96,884	298,044	394,928
Prepaid expenses	21,182	-	21,182
Net pension asset	612,522	509,997	1,122,519
Capital assets (net of accumulated depreciation)	9,609,250	28,615,907	38,225,157
Total Assets	\$ 17,715,367	\$ 31,180,792	\$ 48,896,159
DEFERRED OUTFLOWS OF RESOURCES			
Pension changes in contributions after measurement date	\$ 1,074,779	\$ 793,560	\$ 1,868,339
Total Deferred Outflows of Resources	\$ 1,074,779	\$ 793,560	\$ 1,868,339
LIABILITIES			
Accounts payable	70,515	407,254	477,769
Retainage payable	-	26,492	26,492
Accrued liabilities	28,337	49,588	77,925
Accrued interest	17,950	54,279	72,229
Customer deposits	-	90,684	90,684
Lease liability	160,701	353,790	514,491
Long-term liabilities due within one year	428,326	1,120,535	1,548,861
Long-term liabilities due in more than one year	1,669,338	11,543,145	13,212,483
Total Liabilities	\$ 2,375,167	\$ 13,645,767	\$ 16,020,934
DEFERRED INFLOWS OF RESOURCES			
Deferred current property taxes	1,631,521	-	1,631,521
Deferred inflows - federal grant funds	600,696	-	600,696
Pension changes in investment earnings	944,660	744,414	1,689,074
Total Deferred Inflows of Resources	\$ 3,176,877	\$ 744,414	\$ 3,921,291
NET POSITION			
Net investment in capital assets	7,511,586	15,817,202	23,328,788
Restricted			
DUI Program	11,973	-	11,973
Reality Program	630	-	630
Sex Offender Registry	300	-	300
Street improvements	106,685	-	106,685
Home rehabilitation	4,963	-	4,963
Police drug investigations	102,835	-	102,835
General debt service	423,137	-	423,137
Pension	612,522	509,997	1,122,519
Unrestricted	4,463,471	1,256,972	5,720,443
Total Net Position	\$ 13,238,102	\$ 17,584,171	\$ 30,822,273

See Accompanying Notes to Financial Statements

TOWN OF LIVINGSTON, TENNESSEE

Statement of Activities

For the Year Ended June 30, 2022

Functions / Programs: Primary Government: Governmental Activities:	Program Revenues				Net (Expenses) Revenue and Changes in Net Position		
	Expenses	Fees, Forfeits & Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
General government	\$ 1,037,615	\$ -	\$ -	\$ 59,299	\$ (978,316)	\$ -	\$ (978,316)
Public safety	1,718,988	56,069	1,046	-	(1,661,873)	-	(1,661,873)
Streets	1,146,231	-	144,544	-	(1,001,687)	-	(1,001,687)
Recreation	358,362	29,935	-	-	(328,427)	-	(328,427)
Airport	492,035	-	181,646	196,582	(113,807)	-	(113,807)
Sanitation	103,901	28,816	-	-	(75,085)	-	(75,085)
Community assistance	-	334	545,404	11,395	557,133	-	557,133
Interest expense on long-term debt	64,868	-	-	-	(64,868)	-	(64,868)
Total Government Activities	<u>4,922,000</u>	<u>115,154</u>	<u>872,640</u>	<u>267,276</u>	<u>(3,666,930)</u>	<u>-</u>	<u>(3,666,930)</u>
Business-type Activities:							
Water and Sewer	3,941,770	4,502,975	-	662,561	-	1,223,766	1,223,766
Natural Gas	2,089,194	2,357,302	-	10,850	-	278,958	278,958
Total Business-type Activities	<u>6,030,964</u>	<u>6,860,277</u>	<u>-</u>	<u>673,411</u>	<u>-</u>	<u>1,502,724</u>	<u>1,502,724</u>
Total Primary Government	\$ 10,952,964	\$ 6,975,431	\$ 872,640	\$ 940,687	(3,666,930)	1,502,724	(2,164,206)
General Revenues:							
Taxes							
Property tax				1,623,895	-	1,623,895	
Interest and penalty on taxes				7,530	-	7,530	
Local sales tax				1,294,544	-	1,294,544	
Local beer tax				221,808	-	221,808	
Local hotel/motel tax				2,216	-	2,216	
Package liquor store tax				100,831	-	100,831	
Business tax				138,091	-	138,091	
Cable TV franchise tax				31,316	-	31,316	
Intergovernmental							
State sales tax				447,052	-	447,052	
Payments in lieu of tax				40,544	-	40,544	
Other				138,957	-	138,957	
Other revenues				558,087	481	558,568	
Total general revenues				<u>4,604,871</u>	<u>481</u>	<u>4,605,352</u>	
Transfers				<u>56,319</u>	<u>(56,319)</u>	<u>-</u>	
Total general revenues and transfers				<u>4,661,190</u>	<u>(55,838)</u>	<u>4,605,352</u>	
Change in net position				994,260	1,446,886	2,441,146	
Net Position - beginning of year				12,243,842	16,102,322	28,346,164	
Prior period adjustment - Leases - see Note 13				-	34,963	34,963	
Net Position - end of year				\$ 13,238,102	\$ 17,584,171	\$ 30,822,273	

TOWN OF LIVINGSTON, TENNESSEE

Balance Sheet
Governmental Funds

June 30, 2022

	Major Fund	Nonmajor		Total Governmental Funds
		Other	Governmental	
		General	Funds	
ASSETS				
Cash and cash equivalents	\$ 3,151,981	\$ 762,341	\$ 3,914,322	
Investments	-	185,558	185,558	
Receivables (net of allowances for uncollectibles)				
Taxes	1,684,430	-	1,684,430	
Utility customers	6,098	-	6,098	
Due from other governments	250,569	104,301	354,870	
Other	63,049	-	63,049	
Due from other funds	1,237,197	-	1,237,197	
Inventories	39,125	57,759	96,884	
Prepaid expenses	21,182	-	21,182	
Total assets	\$ 6,453,631	\$ 1,109,959	\$ 7,563,590	
LIABILITIES				
Accounts payable	\$ 70,515	\$ -	\$ 70,515	
Accrued liabilities	27,956	381	28,337	
Due to other funds	-	69,995	69,995	
Total liabilities	98,471	70,376	168,847	
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows - property taxes	1,684,430	-	1,684,430	
Deferred inflows - federal grant funds	600,696	-	600,696	
Total deferred inflows of resources	2,285,126	-	2,285,126	
FUND BALANCES				
Nonspendable	60,307	57,759	118,066	
Restricted				
DUI Program	11,973	-	11,973	
Reality Program	630	-	630	
Sex Offender Registry	300	-	300	
Street improvements	-	48,926	48,926	
Home rehabilitation	-	4,963	4,963	
Police drug investigations	-	102,835	102,835	
General debt service	-	423,137	423,137	
Unassigned	3,996,824	401,963	4,398,787	
Total fund balances	4,070,034	1,039,583	5,109,617	
Total liabilities, deferred inflows of resources and fund balances	\$ 6,453,631	\$ 1,109,959	\$ 7,563,590	

See Accompanying Notes to Financial Statements

TOWN OF LIVINGSTON, TENNESSEE

**Reconciliation of the Balance Sheet to Statement of Net Position
of Governmental Activities**

June 30, 2022

Amounts reported for fund balance - total governmental funds	\$ 5,109,617
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 therefore are not reported in the governmental funds.	
Add: land	998,634
Add: property and equipment	17,717,118
Add: leased vehicles	223,976
Less: accumulated depreciation	(9,330,478)
Interest payable on long-term debt obligations is not due and payable in the current period and, therefore, is not reported in the governmental funds balance sheet.	
(17,950)	
Prior period taxes not received within 60 days is not reported as revenue and considered deferred	52,909
Long-term liabilities, including notes and bonds payable are not due and payable in the current period and therefore are not recorded in the governmental funds.	
Less: employee compensatory time	(65,039)
Less: lease liability	(160,701)
Less: notes payable	(1,921,000)
Less: bonds payable	(111,625)
Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be amortized and recognized as components of pension expense and other income in future years.	
Add: deferred outflows of resources related to pensions	1,074,779
Less: deferred inflows of resources related to pensions	(944,660)
Net pension assets of the cost-sharing plan are not current financial resources and are therefore not reported in the governmental funds	
612,522	
Net position of governmental activities	<u>\$ 13,238,102</u>

TOWN OF LIVINGSTON, TENNESSEE

**Statement of Revenues, Expenditures and Changes in
Fund Balances - Governmental Funds**

For the Fiscal Year Ended June 30, 2022

	<u>Major Fund</u>	<u>Nonmajor Funds</u>		<u>Total Governmental Funds</u>
		<u>General</u>	<u>Other Governmental Funds</u>	
Revenues				
Taxes	\$ 3,407,165	\$ -	\$ 3,407,165	
Intergovernmental	1,105,680	584,363	1,690,043	
Licenses and permits	75,094	-	75,094	
Charges for current services	62,873	-	62,873	
Fines and fees	44,786	7,496	52,282	
Other revenues	557,314	2,105	559,419	
Total revenue	<u>5,252,912</u>	<u>593,964</u>	<u>5,846,876</u>	
Expenditures				
General government	1,270,446	-	1,270,446	
Public safety				
Police	1,050,919	104,370	1,155,289	
Fire	464,784	-	464,784	
Streets	663,832	224,467	888,299	
Recreation	300,974	-	300,974	
Airport	328,218	-	328,218	
Sanitation	101,094	-	101,094	
Debt service	-	437,053	437,053	
Total expenditures	<u>4,180,267</u>	<u>765,890</u>	<u>4,946,157</u>	
Excess (deficiency) of revenues over expenditures	<u>1,072,645</u>	<u>(171,926)</u>	<u>900,719</u>	
Other financing sources and (uses)				
Transfers in	56,319	184,119	240,438	
Transfers out	(184,119)	-	(184,119)	
Total other financing sources and (uses)	<u>(127,800)</u>	<u>184,119</u>	<u>56,319</u>	
Net change in fund balances	944,845	12,193	957,038	
Fund balances, beginning	3,125,189	1,027,390	4,152,579	
Fund balances, ending	<u>\$ 4,070,034</u>	<u>\$ 1,039,583</u>	<u>\$ 5,109,617</u>	

See Accompanying Notes to Financial Statements

TOWN OF LIVINGSTON, TENNESSEE

**Reconciliation of the Statement of Revenues, Expenses and Changes in
Fund Balances to the Statement of Activities**

June 30, 2022

Net change in fund balances - total governmental funds	\$ 957,038
Amounts reported for governmental activities in the Statement of Activities are different because:	
Property taxes assessed prior to the current year are not considered as revenue unless collected within 60 days after year end	13,066
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Cost of assets acquired	270,310
Depreciation expense	(851,732)
Note proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of the principal of long-term debt consumes the current financial resources of the governmental funds, but has no affect on net assets.	
Repayment of notes payable	349,000
Repayment of bonds payable	19,170
Reduction of lease liability	63,275
Employee compensatory time is accrued in governmental activities whereas in governmental funds compensatory time is reported when extinguished.	(2,732)
Interest is accrued on outstanding obligations in governmental activities whereas in governmental funds interest is reported when due.	
Notes payable	(14,194)
Bonds payable	(3,756)
Reversal of prior year accrued interest payable	21,965
Retirement contributions made after the actuarial measurement date are an expenditure in the governmental funds, but an increase in deferred outflows for governmental activities	56,527
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.	
Pension expense	116,324
Change in net position of governmental activities	<u>\$ 994,261</u>

TOWN OF LIVINGSTON, TENNESSEE

**Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (GAAP Basis) and Actual
General Fund**

For the Fiscal Year Ended June 30, 2022

	<u>Budgeted Amounts</u>		Actual Amounts	Variance - Favorable/ (Unfavorable)
	Original	Final		
Revenues				
Taxes				
Property tax	\$ 1,508,913	\$ 1,588,913	\$ 1,610,829	\$ 21,916
Interest and penalty on taxes	5,000	5,000	7,530	2,530
Local sales tax	1,130,000	1,283,000	1,294,544	11,544
Local beer tax	230,000	207,000	221,808	14,808
Package liquor store tax	85,000	93,500	100,831	7,331
Hotel/Motel tax	-	-	2,216	2,216
Business tax	110,000	128,000	138,091	10,091
Cable TV franchise tax	30,000	27,800	31,316	3,516
Total taxes	<u>3,098,913</u>	<u>3,333,213</u>	<u>3,407,165</u>	<u>73,952</u>
Intergovernmental				
Grants	370,000	410,000	448,638	38,638
State TVA tax	35,000	30,000	40,545	10,545
Police subsidy	12,000	12,000	13,600	1,600
Fire education incentive	4,000	4,000	2,400	(1,600)
Courthouse square	-	310,000	470,310	160,310
Income tax	9,000	-	2,431	2,431
Beer tax	2,500	2,500	1,784	(716)
Liquor & mixed drink tax	15,000	15,000	16,337	1,337
City streets	8,400	7,400	7,233	(167)
State excise tax	80,000	80,000	79,416	(584)
Telecommunications sales tax	8,000	8,000	16,575	8,575
TN sports gaming	-	5,000	3,927	(1,073)
State of TN - other	-	73,000	2,484	(70,516)
ARPA funds	-	600,000	-	(600,000)
Total	<u>543,900</u>	<u>1,556,900</u>	<u>1,105,680</u>	<u>(451,220)</u>
Licenses and permits				
Beer license	9,000	13,000	13,770	770
Liquor - annual permit	-	1,800	-	(1,800)
Building permits and zoning	12,000	52,000	59,104	7,104
Hotel/motel permit	-	-	220	220
Fireworks permits	3,000	3,000	2,000	(1,000)
Total	<u>24,000</u>	<u>69,800</u>	<u>75,094</u>	<u>5,294</u>
Charges for current services				
Fire protection	3,000	3,000	3,787	787
Solid waste collection charges	30,000	28,000	28,816	816
City pool income	15,000	17,500	22,211	4,711
City pool concessions	12,000	9,000	7,725	(1,275)
Farmers Market	500	500	334	(166)
Total	<u>60,500</u>	<u>58,000</u>	<u>62,873</u>	<u>4,873</u>
Fines and forfeits				
Police fines and fees	44,000	44,000	44,336	336
Sex offender registry	-	-	450	450
Total	<u>44,000</u>	<u>44,000</u>	<u>44,786</u>	<u>786</u>

Continued

See Accompanying Notes to Financial Statements

TOWN OF LIVINGSTON, TENNESSEE

**Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (GAAP Basis) and Actual (Continued)**
General Fund

For the Fiscal Year Ended June 30, 2022

	<u>Budgeted Amounts</u>		Actual Amounts	Variance - Favorable/ (Unfavorable)
	Original	Final		
Revenues (Cont.)				
Other revenues				
Interest income	\$ -	\$ -	\$ 92	\$ 92
Sale of assets	30,000	184,000	184,119	119
T hangar rental	20,000	50,000	47,662	(2,338)
Aviation fuel sold	40,000	108,000	120,685	12,685
Airport miscellaneous	500	500	1,153	653
Miscellaneous income	12,000	32,000	35,725	3,725
Other grants	-	-	12,000	12,000
Insurance Recovery	-	-	15,719	15,719
Contributions	25,000	25,000	140,159	115,159
Total	<u>127,500</u>	<u>399,500</u>	<u>557,314</u>	<u>157,814</u>
Total revenues	<u>3,898,813</u>	<u>5,461,413</u>	<u>5,252,912</u>	<u>(208,501)</u>
Expenditures				
Current:				
General government				
City hall				
Salaries & wages	152,000	147,000	140,873	6,127
Office supplies	10,000	10,000	11,608	(1,608)
Office postage	3,500	1,000	-	1,000
Schooling	1,000	1,000	397	603
Office electricity	10,000	12,000	10,002	1,998
Office telephone	18,000	12,500	12,479	21
Office utilities	4,000	5,500	5,053	447
Office miscellaneous	5,000	1,000	2,016	(1,016)
Gasoline and oil	8,000	-	-	-
Computer equip. & repair	10,000	18,000	-	18,000
Total	<u>221,500</u>	<u>208,000</u>	<u>182,428</u>	<u>25,572</u>
Dues & donations				
Chamber of Commerce dues	20,000	20,000	20,185	(185)
TN Municipal League dues	3,200	3,200	1,821	1,379
Upper Cumberland dues	8,900	8,900	5,227	3,673
Local planning services	-	-	2,188	(2,188)
Hidden Valley dues	500	500	500	-
Donation to senior citizens	6,000	6,000	6,000	-
Donation to Pacesetters	2,500	4,500	2,000	2,500
Donation to county library	5,000	10,000	5,000	5,000
Donation Snip -Ov Co.	1,000	1,000	1,000	-
Donation to Hog-Eye festival	6,000	-	-	-
Donation to Sunshine Day Care	500	500	500	-
Donation to UCHRA	2,312	2,312	-	2,312
Donation to music festival	1,000	6,000	-	6,000
Donation to Highland Initiative	10,000	15,000	15,185	(185)
Donation to Christmas	500	500	-	500
CASA- Overton Co.	1,000	1,000	-	1,000
Total	<u>68,412</u>	<u>79,412</u>	<u>59,606</u>	<u>19,806</u>

Continued

See Accompanying Notes to Financial Statements

TOWN OF LIVINGSTON, TENNESSEE

**Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (GAAP Basis) and Actual (Continued)**
General Fund

For the Fiscal Year Ended June 30, 2022

	Budgeted Amounts		Actual Amounts	Variance - Favorable/ (Unfavorable)
	Original	Final		
Expenditures (Cont.)				
Current (Cont.):				
General government (Cont.)				
Other general government				
Payroll tax	\$ 135,000	\$ 144,500	\$ 138,928	\$ 5,572
Employee insurance	150,000	156,000	192,101	(36,101)
Retirement - employer	65,000	63,000	54,543	8,457
Election expense	15,000	5,000	7,884	(2,884)
Legal fees	6,000	6,000	4,000	2,000
Audit and accounting	4,000	5,500	5,250	250
Architects and engineers	10,000	18,000	3,525	14,475
Consultant - UCEMC Acq.	-	11,500	-	11,500
Insurance Consultant	1,000	1,000	11,520	(10,520)
Vehicle repair	2,000	2,000	242	1,758
Equipment repair	6,000	8,500	1,628	6,872
Mayor's travel, schooling	1,000	2,500	7,929	(5,429)
Travel	-	3,000	6,953	(3,953)
Uniform & linen shop and office	2,000	2,000	1,277	723
General maintenance	18,000	10,000	2,906	7,094
Gasoline and oil	4,500	22,500	20,870	1,630
Farmers market	1,000	2,000	1,489	511
Reappraisal cost to Overton Co.	23,000	23,000	23,465	(465)
Miscellaneous	22,000	25,500	13,815	11,685
Insurance & bonding	150,000	173,000	127,525	45,475
Vehicles	26,000	14,000	11,942	2,058
Equipment	3,000	3,000	2,492	508
Computer equip. & repair	6,000	3,500	17,824	(14,324)
Downtown revitalization	75,000	275,000	339,875	(64,875)
City garage telephone	1,800	2,800	1,927	873
City garage utilities	4,000	8,000	6,477	1,523
City garage vehicle repair	500	500	-	500
City garage equipment repair	2,000	3,000	2,056	944
City garage materials & supplies	7,500	5,000	2,928	2,072
City garage uniforms & linens	2,000	4,500	4,209	291
City garage miscellaneous	2,500	2,500	2,631	(131)
City garage vehicles	27,500	15,500	10,201	5,299
City garage equipment	5,000	5,000	-	5,000
Total	778,300	1,026,800	1,028,412	(1,612)
Total general government	1,068,212	1,314,212	1,270,446	43,766

Continued

See Accompanying Notes to Financial Statements

TOWN OF LIVINGSTON, TENNESSEE

**Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (GAAP Basis) and Actual (Continued)**
General Fund

For the Fiscal Year Ended June 30, 2022

	<u>Budgeted Amounts</u>		Actual Amounts	Variance - Favorable/ (Unfavorable)
	Original	Final		
Expenditures (Cont.)				
Current (Cont.):				
Public safety				
Police department				
Hourly wages	\$ 765,000	\$ 819,000	\$ 775,889	\$ 43,111
State subsidy	12,000	12,000	-	12,000
Schooling	10,000	7,500	2,334	5,166
Electricity	14,000	16,500	15,633	867
Telephone	20,000	32,000	33,551	(1,551)
Utilities	4,000	4,000	3,491	509
Vehicle repair	60,000	35,000	23,460	11,540
Equipment repair	9,000	9,000	3,741	5,259
Travel	50,000	39,000	11,352	27,648
Materials & supplies	10,000	21,000	34,970	(13,970)
Uniforms & linens	31,000	39,000	20,560	18,440
Gasoline & oil	30,000	20,000	35,065	(15,065)
Miscellaneous	-	25,000	27,717	(2,717)
Vehicles	10,000	25,000	21,900	3,100
Equipment	5,000	9,000	20,048	(11,048)
Computer equip & software	10,000	12,000	21,208	(9,208)
Total	1,040,000	1,125,000	1,050,919	74,081
Fire department				
Hourly wages	340,000	335,000	315,479	19,521
Fire calls	15,000	7,000	6,680	320
Schooling	6,000	11,000	10,102	898
Electricity	5,500	5,500	832	4,668
Telephone	3,000	3,000	2,365	635
Utilities	2,500	2,500	1,043	1,457
Vehicle repair	10,000	5,000	2,250	2,750
Equipment repair	15,000	27,000	22,997	4,003
Travel	26,500	26,500	-	26,500
Traffic Lights	500	500	20,734	(20,234)
Materials and supplies	42,000	42,000	58,521	(16,521)
Uniforms & linens	10,000	7,000	2,573	4,427
Gasoline & oil	7,000	11,500	9,044	2,456
Miscellaneous	5,000	7,500	5,941	1,559
Insurance & bonding	5,000	5,000	-	5,000
Equipment	55,500	30,500	1,204	29,296
Vehicles	28,000	13,000	5,019	7,981
Computer equip & software	5,000	2,500	-	2,500
Total	581,500	542,000	464,784	77,216
Total public safety	1,621,500	1,667,000	1,515,703	151,297

Continued

See Accompanying Notes to Financial Statements

TOWN OF LIVINGSTON, TENNESSEE

**Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (GAAP Basis) and Actual (Continued)**
General Fund

For the Fiscal Year Ended June 30, 2022

	Budgeted Amounts		Actual Amounts	Variance - Favorable/ (Unfavorable)
	Original	Final		
Expenditures (Cont.)				
Current (Cont.):				
Public service				
Municipal park				
Hourly wages	\$ 85,000	\$ 139,000	\$ 121,337	\$ 17,663
Electricity	37,000	37,000	35,991	1,009
Telephone	2,700	2,700	1,817	883
Utilities	20,000	26,000	24,109	1,891
Materials & supplies	20,000	58,000	76,799	(18,799)
Concession supplies	5,000	5,000	7,318	(2,318)
Central park project	-	10,000	8,273	1,727
Maintenance	60,000	45,000	8,089	36,911
Miscellaneous	7,000	7,000	7,040	(40)
Vehicles	17,300	9,300	10,201	(901)
Equipment	10,200	10,200	-	10,200
Total	264,200	349,200	300,974	48,226
Airport				
Schooling	1,000	1,000	-	1,000
Electricity	11,000	8,000	5,875	2,125
Telephone	4,000	4,000	3,476	524
Utilities	2,000	2,000	1,092	908
Architects & engineers	20,000	100,000	154,087	(54,087)
Travel	2,000	2,000	2,205	(205)
Maintenance	22,000	20,000	11,050	8,950
Gas and oil	1,500	1,500	973	527
Aviation fuel	63,000	81,000	95,224	(14,224)
Regulatory Fees	500	500	200	300
Vehicles	5,346	2,846	5,346	(2,500)
Equipment	-	7,000	-	7,000
Miscellaneous	16,654	61,654	48,690	12,964
Total	149,000	291,500	328,218	(36,718)
City streets				
Hourly wages	369,500	351,500	330,817	20,683
Schooling	1,000	1,000	-	1,000
Street lights electricity	140,000	140,000	139,235	765
Traffic lights electricity	7,500	7,500	4,340	3,160
Vehicle repair	27,500	9,500	5,303	4,197
Equipment repair	9,000	27,000	26,537	463
Materials & supplies	42,000	60,000	54,819	5,181
Uniforms & linens	8,000	11,000	9,652	1,348
Gas & oil	11,500	25,500	22,653	2,847
Miscellaneous	5,000	6,000	13,708	(7,708)
Vehicles	12,300	26,300	23,268	3,032
Equipment	50,700	42,700	33,500	9,200
Total	684,000	708,000	663,832	44,168

Continued

See Accompanying Notes to Financial Statements

TOWN OF LIVINGSTON, TENNESSEE

**Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (GAAP Basis) and Actual (Continued)**
General Fund

For the Fiscal Year Ended June 30, 2022

	<u>Budgeted Amounts</u>		Actual Amounts	Variance - Favorable/ (Unfavorable)
	Original	Final		
Expenditures (Cont.)				
Current (Cont.):				
Public service				
Sanitation				
Hourly wages	\$ 99,082	\$ 95,582	\$ 89,335	\$ 6,247
Vehicle repair	4,000	4,000	1,379	2,621
Equipment repair	7,000	7,000	6,269	731
Materials & supplies	1,000	1,000	-	1,000
Uniforms & linens	1,200	1,200	150	1,050
Gas & oil	5,200	8,200	3,961	4,239
Miscellaneous	700	700	-	700
Total	<u>118,182</u>	<u>117,682</u>	<u>101,094</u>	<u>16,588</u>
Total public service	<u>1,215,382</u>	<u>1,466,382</u>	<u>1,394,118</u>	<u>72,264</u>
Total expenditures	<u>3,905,094</u>	<u>4,447,594</u>	<u>4,180,267</u>	<u>267,327</u>
Excess (deficiency) of revenues over expenditures	<u>(6,281)</u>	<u>1,013,819</u>	<u>1,072,645</u>	<u>58,826</u>
Other financing sources (uses)				
Operating transfers in	55,000	55,000	56,319	1,319
Operating transfers out	-	(200,000)	(184,119)	15,881
Total other financing sources (uses)	<u>55,000</u>	<u>(145,000)</u>	<u>(127,800)</u>	<u>17,200</u>
Net change in fund balances	48,719	868,819	944,845	76,026
Fund balances, beginning	2,835,597	3,125,189	3,125,189	-
Changes in reserves for inventory accounts	1,000	1,000	-	(1,000)
Fund balances, ending	<u>\$ 2,885,316</u>	<u>\$ 3,995,008</u>	<u>\$ 4,070,034</u>	<u>\$ 75,026</u>

TOWN OF LIVINGSTON, TENNESSEE

Statement of Net Position
Proprietary Funds

June 30, 2022

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Water & Sewer Fund</u>	<u>Natural Gas Fund</u>	<u>Total</u>
ASSETS			
Current			
Cash and cash equivalents	\$ 1,800,642	\$ 1,010,170	\$ 2,810,812
Receivables			
Utility customers, net of allowance for estimated uncollectibles	75,739	37,495	113,234
Due from other funds	-	297,286	297,286
Inventories	222,931	75,113	298,044
Net pension assets	343,594	166,403	509,997
Total current assets	<u>2,442,906</u>	<u>1,586,467</u>	<u>4,029,373</u>
Property, plant and equipment			
Land & land rights	282,018	3,750	285,768
Plant in service	46,894,174	1,843,606	48,737,780
Allowance for depr. - plant in service	(20,109,397)	(1,280,685)	(21,390,082)
Machinery & equipment	1,277,563	937,477	2,215,040
Allowance for depr. - mach. & equip.	(1,066,205)	(721,304)	(1,787,509)
Leased vehicles	169,041	80,106	249,147
Construction in progress	305,763	-	305,763
Total property, plant and equipment	<u>27,752,957</u>	<u>862,950</u>	<u>28,615,907</u>
Total assets	<u>\$ 30,195,863</u>	<u>\$ 2,449,417</u>	<u>\$ 32,645,280</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension changes in contributions after measurement date	<u>\$ 576,077</u>	<u>\$ 217,483</u>	<u>\$ 793,560</u>
LIABILITIES			
Current			
Accounts payable	407,254	-	407,254
Retainage payable	26,492	-	26,492
Accrued liabilities	45,730	3,858	49,588
Accrued interest	54,279	-	54,279
Due to other funds	1,333,895	130,593	1,464,488
Customer deposits	74,939	15,745	90,684
Current portion of lease liability	85,554	69,701	155,255
Current portion of long-term debt	1,120,535	-	1,120,535
Total current liabilities	<u>3,148,678</u>	<u>219,897</u>	<u>3,368,575</u>
Long-term liabilities			
Lease liability	220,579	133,211	353,790
Bonds payable	9,643,134	-	9,643,134
Notes payable	3,020,546	-	3,020,546
Less: current portion	(1,206,089)	(69,701)	(1,275,790)
Total long-term liabilities	<u>11,678,170</u>	<u>63,510</u>	<u>11,741,680</u>
Total liabilities	<u>14,826,848</u>	<u>283,407</u>	<u>15,110,255</u>
DEFERRED INFLOWS OF RESOURCES			
Pension changes in investment earnings	<u>514,879</u>	<u>229,535</u>	<u>744,414</u>
NET POSITION			
Net invested in capital assets	14,954,252	862,950	15,817,202
Restricted for pension asset	343,594	166,403	509,997
Unrestricted	132,367	1,124,605	1,256,972
Total net position	<u>\$ 15,430,213</u>	<u>\$ 2,153,958</u>	<u>\$ 17,584,171</u>

See Accompanying Notes to Financial Statements

TOWN OF LIVINGSTON, TENNESSEE

**Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds**

For the Fiscal Year Ended June 30, 2022

	Water and Sewer	Natural Gas	Total
Operating revenues			
Charges for services	\$ 4,348,704	\$ 2,330,380	\$ 6,679,084
Penalties and interest	54,006	19,866	73,872
Supplies sold	450	677	1,127
Miscellaneous	47,170	3,354	50,524
Water relief fees	14,005	-	14,005
Service charges	38,640	3,025	41,665
Total operating revenues	4,502,975	2,357,302	6,860,277
Operating expenses			
Hourly wages	965,998	355,292	1,321,290
Payroll taxes	71,943	26,648	98,591
Employee insurance	165,734	41,353	207,087
Retirement	(47,925)	(17,217)	(65,142)
Office supplies	4,680	5,047	9,727
Postage	17,856	5,561	23,417
Schooling	8,639	86	8,725
Leak survey	-	8,325	8,325
Electricity	674,206	751	674,957
Telephone	15,409	2,523	17,932
Utilities	20,506	1,465	21,971
Master meter	4,752	-	4,752
Legal	8,000	-	8,000
Audit and accounting	4,000	5,000	9,000
Architects & engineers	-	10,350	10,350
Vehicle repair	14,930	5,038	19,968
Equipment repair	125,891	6,651	132,542
Travel	212	-	212
Materials & supplies	179,350	34,111	213,461
Uniform & linens	19,226	3,550	22,776
General maintenance	975	-	975
Gasoline & oil	46,368	38,654	85,022
Natural gas purchases	-	1,277,971	1,277,971
Pipes and meters	19,369	15,184	34,553
Regulatory fees	59,130	11,132	70,262
Miscellaneous	50,908	3,350	54,258
Insurance & bonding	108,952	100,502	209,454
Equipment	1,711	5,877	7,588
Computer equipment repair	28,703	13,978	42,681
Chemicals	196,027	-	196,027
Depreciation	739,868	107,874	847,742
Amortization	54,189	20,138	74,327
Total operating expenses	3,559,607	2,089,194	5,648,801
Operating income	943,368	268,108	1,211,476
Nonoperating revenues (expenses)			
Interest income	467	14	481
Interest expense	(368,028)	-	(368,028)
Bond issue costs	(13,635)	-	(13,635)
Other bond costs	(500)	-	(500)
Total nonoperating revenues (expenses)	(381,696)	14	(381,682)
Net income before contributions	561,672	268,122	829,794
Contributions			
Federal grants	586,433	-	586,433
Capital contributions - service tap fees	76,128	10,850	86,978
Total capital contributions	662,561	10,850	673,411
Transfers out	(34,203)	(22,116)	(56,319)
Change in net position	1,190,030	256,856	1,446,886
Net position, beginning	14,228,962	1,873,360	16,102,322
Prior period adjustment - Leases - see Note 13	11,221	23,742	34,963
Net position, ending	\$ 15,430,213	\$ 2,153,958	\$ 17,584,171

See Accompanying Notes to Financial Statements

TOWN OF LIVINGSTON, TENNESSEE

Statement of Cash Flows
Proprietary Funds

For the Fiscal Year Ended June 30, 2022

	Water and Sewer	Natural Gas	Total
<u>Cash flows from operating activities</u>			
Cash received from customers	\$ 4,481,004	\$ 2,370,231	\$ 6,851,235
Cash paid to employees for services	(965,998)	(355,292)	(1,321,290)
Cash paid to suppliers of goods and services	(568,681)	(2,037,323)	(2,606,004)
Cash received from customers deposits	(7,229)	(920)	(8,149)
Net cash provided (used) by operating activities	<u>2,939,096</u>	<u>(23,304)</u>	<u>2,915,792</u>
<u>Cash flows from non-capital and related financing activities</u>			
Transfers to other funds	(34,203)	(22,116)	(56,319)
Net cash provided (used) by non-capital financing activities	<u>(34,203)</u>	<u>(22,116)</u>	<u>(56,319)</u>
<u>Cash flows from capital and related financing activities</u>			
Acquisition and construction of capital assets	(1,094,893)	-	(1,094,893)
Construction in progress	(305,763)	-	(305,763)
Capital contributed by customers	76,128	10,850	86,978
Capital contributed from federal grants	586,433	-	586,433
Proceeds from issuance of revenue bond	112,623	-	112,623
Premium on bond issuance	4,558,635	-	4,558,635
Principal paid on lease liability	(89,279)	(67,479)	(156,758)
Principal paid on note maturities	(578,706)	-	(578,706)
Principal paid on bond maturities	(5,047,000)	-	(5,047,000)
Interest paid on notes and bonds	(368,028)	-	(368,028)
Bond issuance costs	(13,635)	-	(13,635)
Other bond costs	(500)	-	(500)
Net cash provided (used) by capital and related financing activities	<u>(2,163,985)</u>	<u>(56,629)</u>	<u>(2,220,614)</u>
<u>Cash flows from investing activities</u>			
Interest received	467	14	481
Net cash flows provided (used) by investing activities	<u>467</u>	<u>14</u>	<u>481</u>
Net increase (decrease) in cash	741,375	(102,035)	639,340
Cash, cash equivalents and restricted cash, beginning	1,059,267	1,112,205	2,171,472
Cash, cash equivalents and restricted cash, ending	<u>\$ 1,800,642</u>	<u>\$ 1,010,170</u>	<u>\$ 2,810,812</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities			
	Water and Sewer	Natural Gas	Total
Operating income	\$ 943,368	\$ 268,108	\$ 1,211,476
Adjustments to reconcile operating income to net cash provided by operation activities			
Depreciation and amortization	794,057	128,012	922,069
Pension contributions in excess of actuarially determined pension expense	(78,229)	(28,104)	(106,333)
(Increase) decrease in receivables	(21,971)	12,929	(9,042)
(Increase) decrease in due from other funds	-	(287,083)	(287,083)
(Increase) decrease in inventories	(78,284)	-	(78,284)
Increase (decrease) in accounts payable	371,775	(19,890)	351,885
Increase (decrease) in retainage payable	15,288	-	15,288
Increase (decrease) in accrued liabilities	3,942	(355)	3,587
Increase (decrease) in accrued interest	19,359	-	19,359
Increase (decrease) in due to other funds	977,020	(96,001)	881,019
Increase (decrease) in customer deposits	(7,229)	(920)	(8,149)
Net cash provided (used) by operating activities	<u>\$ 2,939,096</u>	<u>\$ (23,304)</u>	<u>\$ 2,915,792</u>

Investments that are neither cash nor cash equivalents are presented on the balance sheet at fair value. As the Town limits its investments to certificates of deposit, the change in the fair value of its investments is limited to accrued interest. In general, the town receives its interest income directly and is reported above as a component of investing activities. Periodically, an additional purchase or a withdrawal is made and they, too, are components of investing activities.

See Accompanying Notes to Financial Statements

TOWN OF LIVINGSTON, TENNESSEE

Notes to Financial Statements

June 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town of Livingston, Tennessee, have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant accounting policies.

The Reporting Entity

The Town of Livingston, Tennessee (the Town) is a municipality created under state statute. The Town is engaged in providing and maintaining various services to its citizens, such as utilities, street and park maintenance and other general services. The Board of Aldermen, through its executive committee (Mayor and Vice Mayor), is the governing body to which each department's management is accountable.

As of June 30, 2022, the Town had no component units that were required to be included in the financial statements.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the activities of the government. 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.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with specific function or segment. Program revenues include (i) charges to customers or applicants (including fines and fees) who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment and (ii) 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 propriety funds even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary 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 revenue 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.

TOWN OF LIVINGSTON, TENNESSEE

Notes to Financial Statements (Continued)

June 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Measurement Focus, Basis of Accounting and Financial Statement Presentation

Governmental funds 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 30 days of the end of the current fiscal period, except for property taxes that are collected within 60 days of year-end. Sales taxes and other shared revenues received through intermediary collecting governments are considered measurable and available if received by the Town within 60 days of year-end. Expenditures are generally recognized when the liability is incurred, as under accrual accounting. However, debt service expenditure, as well as expenditures related to compensated absences and claims and judgments are recorded only when payment is due.

Property taxes, state shared revenues, and interest associated with the current fiscal period is all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period using the criteria specified in the paragraph above. All other revenue items are considered to be measurable and available only when the government receives cash.

The Town reports the following major governmental fund:

The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.

The Town reports the following major proprietary funds:

The Water & Sewer Fund accounts for the water and wastewater services provided to customers.

The Natural Gas Fund accounts for the provision of natural gas service to customers.

In general, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions include payments-in-lieu of taxes and other charges between the Town's utilities and various other functions of the Town. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include (i) charges to customer or applicants (including fines and fees) for goods, services or privileges provided, (ii) operating grants and contributions and (iii) capital grants and contributions. General revenues include all taxes and internally dedicated resources.

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. Operating revenue is recognized when billed.

The principal operating revenues of the various utility 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.

TOWN OF LIVINGSTON, TENNESSEE

Notes to Financial Statements (Continued)

June 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (Cont.)

When both restricted resources and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, and then unrestricted resources as they are needed. It is also the Town's policy that committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of these unrestricted fund balance classifications are used.

Cash, Cash Equivalents and Investments

Cash and cash equivalents consist of cash, demand deposits, savings accounts and certificates of deposits with original maturities of three months or less from the date of acquisition. Investments consist of certificates of deposit with maturities of greater than three months.

Inventories

Inventories consist of expendable supplies held for consumption and are valued at cost based on the first-in, first-out method. Inventories are accounted for by the purchase method whereby materials and supplies are charged as expenditures when acquired. Inventory on hand at year-end is recorded as an asset and a reservation of the fund balance is required for governmental funds. Proprietary fund inventories are accounted for in the same manner with the exception that there is no reservation of equity.

Receivables and Payables

Receivables are presented net of allowance for uncollectible accounts. The property tax receivable allowance account is equal to approximately 1.3% percent of the gross receivable. Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as due to/from other funds.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets consisting of certain improvements other than buildings, including roads, bridges, streets and sidewalks are reported in the governmental activities column in the government-wide financial statements. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Depreciation has been calculated using the straight-line method and estimated useful lives as follows:

Buildings and improvements	5-50 years
Improvements other than buildings	20 years
Utility plant and lines	40-100 years
Furniture and equipment	5-20 years
Street paving	15 years

Appropriations

Appropriations to other funds are accounted for as inter-fund transfers in the governmental fund statements, and are eliminated in the government-wide statements. Exchanges of equal or near equal value between funds are accounted for as inter-fund services provided and used.

TOWN OF LIVINGSTON, TENNESSEE

Notes to Financial Statements (Continued)

June 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Accumulated Unpaid Vacation, Sick Pay and Compensatory Time

The Town does not provide for the accumulation of vacation days beyond the end of the fiscal year. The granting of sick leave has no guaranteed payment attached and therefore requires no accrual. Compensatory time is allowed to accrue beyond the end of the fiscal year. Accrued compensation is paid in the event of voluntary termination and no payment is paid in the event of involuntary termination. All compensatory time is accrued when incurred in the government-wide and proprietary fund financial statements. The General fund has generally been used in prior years to liquidate the liability for compensated balances.

Long-term Obligations

In the government-wide financial statements, and in 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 and note premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method.

Bonds payable are reported net of the applicable loss on refunding. Bond issue costs are reported net of amortization in other assets and amortized over the term of the related debt. 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 debt issued is reported as other financing sources. Premiums received on debt issuance 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.

Budget

The Town is required by state statute to adopt annual budgets. The General, Special Revenue, General Debt Service, and Proprietary Fund budgets are prepared on the basis where current available funds must be sufficient to meet current expenditures. The Town generally monitors the budget quarterly and the Board of Aldermen approves supplemental appropriations as necessary to each budgeted fund.

The Town follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to June 30, the Mayor/City Recorder submits to the Board of Aldermen a proposed operating budget for the fiscal year commencing the following July 1. The operating departmental budget establishes the budgetary level of control for the proposed expenditures and the means of financing them.
2. Public hearings are conducted at City Hall to obtain taxpayer comments.
3. Prior to July 1, the budget is legally enacted on second reading through passage of a resolution. In no event shall the total appropriations for any fund included in the budget exceed the estimated revenues and appropriated fund balance.

TOWN OF LIVINGSTON, TENNESSEE

Notes to Financial Statements (Continued)

June 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Budget (Cont.)

4. The Mayor/City Recorder is authorized to transfer budgeted amounts within departments within any fund; however, revisions altering total expenditures of any department or fund require approval by the Board of Aldermen.
5. Formal budgetary integration is employed as a management control device during the year for the General and Special Revenue Funds.
6. Budgets for all governmental fund types are adopted on a basis generally consistent with generally accepted accounting principles (GAAP). These budget appropriations lapse at year-end.

The Town amended the budget of each fund on June 30, 2022, based on expected revenues and expenditures (expenses) through June 30, 2022.

Net position

In the government-wide financial statements, equity is classified as net position and displayed in three components:

- a. *Net investment in capital assets* – Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. *Restricted* – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors or laws or regulations of other governments or (2) law through constitutions provisions or enabling legislation. 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. Net position of the general fund is restricted for collection/maintenance of court ordered fines. Net position of the state street aid fund is restricted for road and street maintenance. Net position of the police drug fund is restricted for drug investigations. Net position of the home rehabilitation fund is restricted for home rehabilitation projects. Net position of the industrial development fund is restricted for industrial park development loans. Governmental activities also report restricted net position for pension. Net position of the water and sewer fund and natural gas fund is restricted for pension.
- c. *Unrestricted* – All other net position that do not meet the definition of restricted or net invested in capital assets.

Fund Balances

In the fund financial statements, governmental funds report fund balance in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in these funds can be spent.

TOWN OF LIVINGSTON, TENNESSEE

Notes to Financial Statements (Continued)

June 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Fund Balances (Cont.)

These classifications may consist of the following:

Nonspendable Fund Balance – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted Fund Balance – includes amounts that have constraints placed on the use of the resources that are either (a) externally imposed by creditors, grantors, contributors or laws and regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance – includes amounts that can be used only for the specific purposes determined by a formal action of the Town's highest level of decision-making authority. The Board of Aldermen commits resources for specific purposes by passing ordinances.

Assigned Fund Balance – includes amounts that are constrained by the Town's intent to be used for specific purposes, but are neither restricted nor committed. The Town's Budget Committee is authorized to make assignments.

Unassigned Fund Balance – is represented by the residual classification of the General fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General fund.

The Town would typically use restricted resources first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

Property Tax

The Town's property tax is levied each October 1 on the assessed value as of the prior January 1 for all real and personal property located in the Town's legal boundaries. All Town taxes on real estate are declared to be a lien on such realty from January 1 of the year's assessments are made. Taxes delinquent for fourteen months are turned over to the County Clerk and Master for collection. Taxes are levied at a rate of \$1.5587 per \$100 of assessed valuation. Payments may be made during the period October 1 through February 28. Current tax collections of \$1,541,498 for the fiscal year ended June 30, 2022 were approximately 97 percent of the tax levy.

The government-wide financial statements report taxes receivable of \$1,684,430 which is net of an allowance for doubtful accounts of \$55,383. Of this amount, \$52,909 represents prior year property taxes and \$1,631,521 represents the estimated net realizable 2022 property taxes. The 2022 property taxes are presented as deferred inflows of resources. Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not earned.

TOWN OF LIVINGSTON, TENNESSEE

Notes to Financial Statements (Continued)

June 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense / expenditure) until then. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

Risk Financing

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town maintains commercial insurance coverage on each area of risk. The Town annually submits for bid all insurance coverage. Exposure is limited to claims in excess of standard policy limitations. The Town annually reviews its insurance needs based on claims and/or potential claims to minimize exposure. There were no claims in excess of insurance coverage during the past three years.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of Livingston's participation in the Public Employee Retirement Plan of the Tennessee Consolidated Retirement System (TCRS), and additions to/deductions from Livingston's fiduciary net position have been determined on the same basis as they are reported by the TCRS for the Public Employee Retirement Plan. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Public Employee Retirement Plan of TCRS. Investments are reported at fair value.

NOTE 2 – DEPOSITS

Cash and cash equivalents consist of cash, demand deposits, savings accounts and certificates of deposits with original maturities of three months or less from the date of acquisition. Investments consist of certificates of deposit with maturities of greater than three months.

The Town is authorized to invest in U.S. Treasury Bills and certificates of deposit in local banks as well as participate in the Local Government Investment Pool administered by the State of Tennessee. The pool contains investments in certificates of deposit, U.S. Treasury securities and repurchase agreements, backed by the U.S. Treasury securities. The Treasurer of the State of Tennessee administers the investment pool. Although the Town may participate in the state investment pool, it elects not to.

Town policy dictates that collateral meet certain requirements, such as, be deposited in an institution which participates in the state collateral pool or be deposited in an escrow account in another institution for the benefit of the Town and must be a minimum of 105% of the value of the deposits placed in the institution less the amount protected by federal deposit insurance.

TOWN OF LIVINGSTON, TENNESSEE

Notes to Financial Statements (Continued)

June 30, 2022

NOTE 2 – DEPOSITS (CONT.)

The state collateral pool is administered by the State of Tennessee. Members of the pool may be required by agreement to pay an assessment to cover any deficiency. Under this additional agreement, public fund accounts covered by the pool are considered to be classified as category one insured credit risk accordance with GASB Statement No. 3, Deposits with Financial Institutions, Investments (including repurchase agreements) and Reverse Repurchase Agreements.

Deposits and investments that are in excess of Federal Deposit Insurance Corporation (FDIC) limits or deposited in institutions that do not participate in the state collateral pool are categorized according to custodial credit risk as either (a) insured or collateralized with securities held by the Town or its agent in the Town's name, (b) collateralized with securities held by the pledging financial institutions, trust department or agent in the Town's name, or (c) uncollateralized.

At June 30, 2022, bank balance held in each category were as follows:

Insured – FDIC	\$ 952,084
Insured – Tennessee Bank Collateral Pool	2,480,323
Uncollateralized	<u>3,431,864</u>
	<u>\$6,864,271</u>

TOWN OF LIVINGSTON, TENNESSEE

Notes to Financial Statements (Continued)

June 30, 2022

NOTE 3 – CAPITAL ASSETS

Governmental Activities

Capital assets activity of the governmental funds for the year ended June 30, 2022 was as follows:

<u>Assets</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
<u>Capital assets not being depreciated:</u>				
Land	\$ 998,634	\$ -	\$ -	\$ 998,634
Construction in progress	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
	<u>998,634</u>	<u>—</u>	<u>—</u>	<u>998,634</u>

Capital assets being depreciated:

Buildings	1,232,063	-	-	1,232,063
Improvements other than buildings	8,976,763	179,747	-	9,156,510
Machinery and equipment	3,879,803	68,535	396,946	3,551,392
Leased vehicles	223,976	-	-	223,976
Infrastructure	<u>3,755,123</u>	<u>22,028</u>	<u>—</u>	<u>3,777,151</u>
Total	<u>18,067,728</u>	<u>270,310</u>	<u>396,946</u>	<u>17,941,092</u>

Accumulated depreciation

Capital assets being depreciated:

Buildings	699,549	24,343	-	723,892
Improvements other than buildings	4,038,127	351,931	-	4,390,058
Machinery and equipment	3,270,774	149,005	396,946	3,022,833
Leased vehicles	-	63,275	-	63,275
Infrastructure	<u>867,240</u>	<u>263,178</u>	<u>—</u>	<u>1,130,418</u>
Total	<u>8,875,690</u>	<u>851,732</u>	<u>396,946</u>	<u>9,330,476</u>
Net depreciable capital assets	<u>9,192,038</u>	<u>(581,422)</u>	<u>—</u>	<u>8,610,616</u>
Governmental capital assets – net	<u>\$10,190,672</u>	<u>\$(581,422)</u>	<u>\$ —</u>	<u>\$9,609,250</u>

Depreciation expense, including depreciation on assets acquired through capital leases, was charged to functions/programs as follows:

General government	\$ 48,228
Public safety	
Police	50,744
Fire	53,161
Streets	302,880
Recreation	78,202
Airport	315,710
Sanitation	2,807
	<u>\$851,732</u>

TOWN OF LIVINGSTON, TENNESSEE

Notes to Financial Statements (Continued)

June 30, 2022

NOTE 3 – CAPITAL ASSETS (CONT.)

Business-type Activities

Capital assets activity of the Proprietary funds for the year ended June 30, 2022 was as follows:

<u>Business-type Activities</u> <u>Assets</u>	<u>Beginning</u> <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u> <u>Balance</u>	<u>Water &</u> <u>Sewer</u>	<u>Natural</u> <u>Gas</u>
<u>Capital assets not being depreciated:</u>						
Land	\$ 285,768	\$ -	\$ -	\$ 285,768	\$ 282,018	\$ 3,750
Construction in progress	<u>-</u>	<u>305,763</u>	<u>-</u>	<u>305,763</u>	<u>305,763</u>	<u>-</u>
Total	<u>285,768</u>	<u>305,763</u>	<u>-</u>	<u>591,531</u>	<u>587,781</u>	<u>3,750</u>
<u>Capital assets being depreciated:</u>						
Utility plant and buildings	47,716,158	1,021,622	-	48,737,780	46,894,174	1,843,606
Machinery and equipment	2,192,969	73,273	51,202	2,215,040	1,277,563	937,477
Leased vehicles	<u>-</u>	<u>599,827</u>	<u>-</u>	<u>599,827</u>	<u>399,137</u>	<u>200,690</u>
Total	<u>49,909,127</u>	<u>1,694,722</u>	<u>51,202</u>	<u>51,552,647</u>	<u>48,570,874</u>	<u>2,981,773</u>
<u>Business-type Activities</u> <u>Accumulated depreciation</u>	<u>Beginning</u> <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u> <u>Balance</u>	<u>Water &</u> <u>Sewer</u>	<u>Natural</u> <u>Gas</u>
<u>Capital assets being depreciated:</u>						
Utility plant and buildings	\$20,661,535	\$ 728,547	\$ -	\$21,390,082	\$20,109,397	\$1,280,685
Machinery and equipment	<u>1,719,516</u>	<u>119,195</u>	<u>51,202</u>	<u>1,787,509</u>	<u>1,066,205</u>	<u>721,304</u>
Leased vehicles	<u>-</u>	<u>74,327</u>	<u>-</u>	<u>74,327</u>	<u>54,189</u>	<u>20,138</u>
Total	<u>22,381,051</u>	<u>922,069</u>	<u>51,202</u>	<u>23,251,918</u>	<u>21,229,791</u>	<u>2,022,127</u>
Net depreciable capital assets	<u>27,528,076</u>	<u>772,653</u>	<u>-</u>	<u>28,300,729</u>	<u>27,341,083</u>	<u>959,646</u>
Business-type capital assets – net	<u>\$27,813,844</u>	<u>\$1,078,416</u>	<u>\$ -</u>	<u>\$28,892,260</u>	<u>\$27,928,864</u>	<u>\$ 963,396</u>
Current year depreciation					<u>\$ 794,057</u>	<u>\$ 128,012</u>

TOWN OF LIVINGSTON, TENNESSEE

Notes to Financial Statements (Continued)

June 30, 2022

NOTE 4 – RECEIVABLES

A summary of receivables totaling \$2,221,681 as of June 30, 2022, is as follows:

	<u>Governmental</u>	<u>Proprietary Funds</u>			<u>Total</u>
		<u>Water & Sewer</u>	<u>Natural Gas</u>		
Property taxes	\$1,739,813	\$ -	\$ -		\$1,739,813
Other taxes	-	-	-		-
Due from other governments	354,870	-	-		354,870
Customer charges	6,098	216,398	107,128		329,624
Other	63,049	-	-		63,049
Less: allowance	(55,383)	(140,659)	(69,633)		(265,675)
Total	<u>\$2,108,447</u>	<u>\$ 75,739</u>	<u>\$ 37,495</u>		<u>\$2,221,681</u>

The Town received an industrial development grant in the amount of \$400,000 from the State of Tennessee in March of 1984. Use of these funds and related interest earnings has been restricted to promote industrial growth in the Town's industrial park that is operated through the special revenue fund – Industrial Development Fund.

The Town makes available to qualifying parties a loan to purchase a parcel located within the industrial park and to erect a building on that parcel. There were no such outstanding loans as of June 30, 2022.

NOTE 5 – LONG-TERM DEBT

The Town issues general obligation bonds and notes to provide funds for the acquisition and construction of major capital facilities or for other general government purposes. The Town also issues revenue notes and bonds where the Town commits income from the acquired or constructed assets to pay the debt service.

These debt issues currently relate only to the Water & Sewer proprietary fund. In event the proprietary fund revenues are insufficient to pay the debt service, the debt is payable from any other non-restricted funds of the Town.

All debt issues are secured by a pledge of net revenue, the ad valorem property taxes of the Town or equipment.

TOWN OF LIVINGSTON, TENNESSEE

Notes to Financial Statements (Continued)

June 30, 2022

NOTE 5 – LONG-TERM DEBT (CONT.)

The following summarizes changes in long-term debt for the year ended June 30, 2022:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities:					
General obligation notes	\$ 2,270,000	\$ -	\$ 349,000	\$ 1,921,000	\$ 358,000
General obligation bonds	130,795		19,170	111,625	5,257
Compensated absences	<u>62,307</u>	<u>2,732</u>	<u>-</u>	<u>65,039</u>	<u>65,039</u>
Total	<u>\$ 2,463,102</u>	<u>\$ 2,732</u>	<u>\$ 368,170</u>	<u>\$ 2,097,664</u>	<u>\$ 428,296</u>
Business-type Activities:					
Capital outlay note	\$ 1,492,000	\$ -	\$ 163,000	\$ 1,329,000	\$ 169,000
Revenue bonds	8,689,876	112,623	5,047,000	3,755,499	166,000
Refunding bonds	-	4,558,635	-	4,558,635	363,635
Direct borrowings					
State revolving loans	<u>3,435,714</u>	<u>-</u>	<u>415,168</u>	<u>3,020,546</u>	<u>421,900</u>
Total	<u>\$13,617,590</u>	<u>\$4,671,258</u>	<u>\$5,625,168</u>	<u>\$12,663,680</u>	<u>\$1,120,535</u>
Business-type Activities:					
Compensated absences*	<u>\$ 24,917</u>	<u>\$ -</u>	<u>\$ 6,787</u>	<u>\$ 18,130</u>	<u>\$ 18,130</u>

*Included in accrued liabilities

Long-term debt payable is comprised of the following:

Government Activities

Capital Outlay Note – Series 2013 (\$1,000,000), due in annual installments through November 2025 at 2.95%	\$ 372,000
Capital Outlay Note – Series 2015 (\$1,100,000), due in annual installments through June 2024 at 2.56%	267,000
Capital Outlay Note – Series 2018 (\$500,000), due in annual installments through October 2028 at 3.89%	370,000
Capital Outlay Note – Series 2020 (\$1,000,000), due in annual installments through August 2030 at 2.80%	912,000
General Obligation Bonds – FHA 97-31, (\$435,000) due in monthly installments through October 2036 at 4.75%	<u>111,625</u>
Total governmental activities	<u>\$ 2,032,625</u>

TOWN OF LIVINGSTON, TENNESSEE

Notes to Financial Statements (Continued)

June 30, 2022

NOTE 5 – LONG-TERM DEBT (CONT.)

Business-type Activities

2004 State Revolving Loan Program (\$1,426,694), due in 264 monthly installments through July 2026 at 1.96%	\$ 344,239
2008 State Revolving Loan Program (\$5,570,000), due in 276 monthly installments through November 2028 at 1.51%	1,995,415
2014 State Revolving Loan Program (\$520,000), due in 252 monthly installments through August 2035 at 1.64%	362,606
2015 State Revolving Loan Program (\$450,000), due in 240 monthly installments through November 2035 at 1.64%	318,286
Revenue Capital Outlay Note – Series 2019 (\$1,800,000), due in annual installments through April 2029 at 3.82%	1,329,000
2016 TML Local Govt Loan Program Bond (\$3,000,000), due in annual installments through December 2041 at 2.50%	2,218,981
2020 TML Local Govt Loan Program Bond (\$1,700,000), due in annual installments through February 2025 at 2.99%	1,536,518
2021 TML Local Govt Loan Program Bond (\$4,558,635), due in annual installments through December 2033 at 2.05%	<u>4,558,635</u>
Total business-type activities	<u>\$12,663,680</u>

The annual requirements to amortize all general obligation bonds and notes outstanding as of June 30, 2022, including interest payments of \$252,338 on notes and bonds carrying interest rates ranging from 2.56% to 3.89% are as follows:

<u>Year Ending</u>	Bonds		Notes		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 5,287	\$ 5,319	\$ 358,000	\$ 54,251	\$ 363,287	\$ 59,570
2024	5,539	5,067	369,000	43,773	374,539	48,840
2025	5,802	4,804	241,000	32,983	246,802	37,787
2026	6,078	4,528	247,000	25,446	253,078	29,974
2027	6,366	4,240	156,000	19,148	162,366	23,388
2028-2032	36,662	16,366	550,000	29,275	586,662	45,641
2033-2037	45,891	7,138	—	—	45,891	7,138
Total	<u>\$111,625</u>	<u>\$47,462</u>	<u>\$1,921,000</u>	<u>\$204,876</u>	<u>\$2,032,625</u>	<u>\$252,338</u>

Total general long-term debt due within one year includes \$363,287 general obligation notes and bonds presented above and compensated absences amounting to \$65,039 for a total of \$428,326.

TOWN OF LIVINGSTON, TENNESSEE

Notes to Financial Statements (Continued)

June 30, 2022

NOTE 5 – LONG-TERM DEBT (CONT.)

The annual requirements to amortize Water & Sewer revenue bonds and notes outstanding as of June 30, 2022, carrying interest rates ranging from 1.51% to 4.125% including interest payments of \$2,136,708 are as follows:

Year Ending	Bonds		Notes		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 529,635	\$ 198,939	\$ 590,900	\$ 95,668	\$ 1,120,535	\$ 294,607
2024	536,000	186,956	604,642	82,470	1,140,642	269,426
2025	550,000	174,733	617,697	68,690	1,167,697	243,423
2026	565,000	162,183	631,767	54,669	1,196,767	216,852
2027	586,000	149,239	573,897	40,792	1,159,897	190,031
2028-2032	2,925,000	551,996	1,155,832	54,816	4,080,832	606,812
2033-2037	1,897,000	243,439	174,811	4,356	2,071,811	247,795
2038-2042	<u>725,499</u>	<u>67,762</u>	<u>-</u>	<u>-</u>	<u>725,499</u>	<u>67,762</u>
Total	<u>\$8,314,134</u>	<u>\$1,735,247</u>	<u>\$4,349,546</u>	<u>\$401,461</u>	<u>\$12,663,680</u>	<u>\$2,136,708</u>

Advance refunding

The Town issued on November 29, 2021, \$4,558,635 of Water & Sewer Refunding bonds to provide resources to refund the Series 2013 Refunding Bonds. The refunded bonds are considered to be defeased and the liability has been removed from its accounts. The refunding resulted in a savings to the Town of \$482,799.

The Town issued on August 30, 2013, \$7,175,000 of Water & Sewer Refunding Bonds to provide resources to refund the Refunding Bonds, Series 2002 and the remaining non-refunded maturity of Rural Development 97-32 and Rural Development 91-34. The refunded bonds are considered to be defeased and the liability has been removed from its accounts. The refunding resulted in a savings to the Town of \$242,819.

Debt refinanced in advance of their maturity consists of: 1) \$3,290,000 Refunding Bonds, Series 2002, (outstanding balance of \$1,945,000 maturing May 23, 2015 through May 23, 2024); its \$5,000,000 Rural Development 97-32 (outstanding balance of \$4,711,601 maturing September 17, 2013 through October 17, 2046; and its \$400,000 Rural Development 91-34 (outstanding balance of \$378,817 maturing September 2, 2013 through October 2, 2047.

The Town's outstanding notes and bonds payable contain provisions stating that, in the event of default, outstanding amounts are to become immediately due if the Town is unable to make payments. At June 30, 2022, there were no unused lines of credit. Governmental activities capital outlay notes and general obligation bonds are secured by the full taxing authority of the Town. Business-type activities refunding bonds and TML local government loan bond program bonds are secured by the user fees of the water and sewer system. The state revolving loans are draw loans whereby funding draws occur after expenditures for the projects are made and are also secured by the user fees of the water and system and are additionally secured by the Town's state shared tax revenues. It is not anticipated that revenues from the state shared taxes will be required.

TOWN OF LIVINGSTON, TENNESSEE

Notes to Financial Statements (Continued)

June 30, 2022

NOTE 6 – FEDERAL GUARANTEED LOANS

	<u>ID No.</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Balance 6-30-22</u>
General Obligation	97-31	10-29-98	10-29-36	4.75	\$ 185,000	\$ 111,625
Water & Sewer	2016	12-28-16	12-01-41	2.50	3,000,000	2,218,981
Water & Sewer	2020	02-26-20	02-26-25	2.99	1,700,000	1,536,518
Water & Sewer	2021	11-30-21	12-01-33	2.05	<u>4,558,635</u>	<u>4,558,635</u>
Total federal guaranteed loans					<u>\$9,443,635</u>	<u>\$8,425,759</u>

NOTE 7 – LONG-TERM LEASES

Governmental Activities

Long-term leases at June 30, 2022 consisted of the following: Vehicle leases on 10 vehicles, interest rate of 3.00%, due in monthly installments ranging from \$359 and \$992 per vehicle.

Maturing at varying dates between October 2022 and May 2026	\$ 160,701
Less current maturities	(<u>50,812</u>)
<u>\$ 109,889</u>	

The vehicle leases are not renewable and the Town will not acquire the vehicles at the end of the leases.

Maturities of long-term leases are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 50,812	\$4,045	\$ 54,857
2024	43,666	2,967	46,633
2025	43,205	1,378	44,583
2026	<u>23,018</u>	<u>250</u>	<u>23,268</u>
	<u>\$160,701</u>	<u>\$8,640</u>	<u>\$169,341</u>

TOWN OF LIVINGSTON, TENNESSEE

Notes to Financial Statements (Continued)

June 30, 2022

NOTE 7 – LONG-TERM LEASES

Business-type Activities

Long-term leases at June 30, 2022 consisted of the following:

Vehicle leases on 11 vehicles, interest rate of 3.00%, due in monthly installments ranging from \$359 and \$992 per vehicle,

Maturing at varying dates between October 2022 and May 2026	\$ 249,147
Financing lease, interest rate of 2.99%, due in monthly installments of \$3,100 through November 2023, secured by equipment	51,538
Financing lease, interest rate of 2.99%, due in monthly installments of \$4,165 through November 2023, secured by equipment	<u>53,105</u> 353,790
Less current maturities	(<u>155,255</u>)
	<u>\$ 198,535</u>

The vehicle leases are not renewable and the Town will not acquire the vehicles at the end of the leases.

Maturities of long-term leases are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 155,255	\$ 8,560	\$ 163,815
2024	86,193	4,603	90,796
2025	68,681	2,462	71,143
2026	<u>43,661</u>	<u>501</u>	<u>44,162</u>
	<u>\$353,790</u>	<u>\$16,126</u>	<u>\$369,916</u>

TOWN OF LIVINGSTON, TENNESSEE

Notes to Financial Statements (Continued)

June 30, 2022

NOTE 8 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Due to/from Other Funds

Interfund receivables and payables are attributable to obligations for periodic transfers between funds. The actual cash transfer had not been made at June 30, 2022. Interfund receivables primarily represent unpaid reimbursements to the disbursing fund. The Town is currently installing new accounting software for use beginning in the fiscal year ended June 30, 2023, that will eliminate the majority of the interfund receivables. The interfund balances at June 30, 2022, were as follows:

<u>Receivable fund</u>	<u>Payable fund</u>
General \$ 53,995	Street Aid \$ 53,995
General 16,000	Police Drug 16,000
General 1,036,609	Water & Sewer 1,036,609
General 130,593	Natural Gas 130,593
Water & Sewer 297,286	Natural Gas 297,286

Interfund Transfers

Interfund transfers for the year ended June 30, 2022, consisted of the following amounts:

<u>Transfers Out</u>	<u>Transfers In</u>	<u>Amount</u>	<u>Purpose</u>
General	Police Drug	<u>\$ 184,119</u>	Operations
Water & Sewer	General	<u>\$ 34,203</u>	In lieu of tax payments
Natural Gas	General	<u>22,116</u>	In lieu of tax payments
		<u>\$ 56,319</u>	

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires or allows to expend them and to use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. The transfers noted above as in lieu of tax payments are due from the utility funds to the General Fund for the fiscal year ended June 30, 2022.

NOTE 9 – EXPENDITURES IN EXCESS OF BUDGETED APPROPRIATIONS

Expenditures of the State Street Aid Fund exceeded budgeted appropriations by \$26,385 due to an unforeseen audit adjustment to reduce the recorded amount of street signage inventory by \$34,300. Expenditures may not legally exceed appropriations authorized by the Board of Aldermen, including authorized revisions.

TOWN OF LIVINGSTON, TENNESSEE

Notes to Financial Statements (Continued)

June 30, 2022

NOTE 10 – OTHER AGREEMENTS

On April 1, 2017, the Town reached an agreement with TN Healthworks (a TN not-for-profit corporation) in that the Town would provide a sworn police officer for service to the hospital between the hours of 6 pm to 6 am each night for the safety and security of the hospital for \$66,000 per year payable in monthly installments of \$5,500. The initial twelve-month agreement has been renewed annually and is cancellable at the end of each renewed twelve-month term upon a ninety-day written notice.

NOTE 11 – PENSION PLAN

General Information about the Pension Plan

Plan Description

Employees of Livingston City are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The TCRS was created by state statute under Tennessee Code Annotated, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at <https://treasury.tn.gov/Retirement/Boards-and-Goveranace/Reporting-and-Investment-Policies>.

Benefits Provided

Tennessee Code Annotated, Title 8, Chapters 34-37, establishes the benefit terms and can be amended only by the Tennessee General Assembly. The chief legislative body may adopt the benefit terms permitted by statute. Members are eligible to retire with an unreduced benefit at age 60 with five years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. Reduced benefits for early retirement are available at age 55 and vested. Members vest with five years of service credit. Service-related disability benefits are provided regardless of length of service. Five years of service is required for non-service-related disability eligibility. The service related and non-related disability benefits are determined in the same manner as a service retirement benefit but are reduced ten percent and include projected service credits. A variety of death benefits are available under various eligibility criteria.

Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2nd of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at 3 percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

Employees Covered by Benefit Terms – At the measurement date of June 30, 2021, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	39
Inactive employees entitled to but not yet receiving benefits	78
Active employees	84
Total	<u>201</u>

TOWN OF LIVINGSTON, TENNESSEE

Notes to Financial Statements (Continued)

June 30, 2022

NOTE 11 – PENSION PLAN (CONT.)

Contributions

Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute 5% of salary. Livingston makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2022, the employer contributions for Livingston were \$97,718 based on a rate of 3.25% of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept Livingston's state shared taxes if required employee contributions are not remitted. The employer's ADC and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net Pension Liability (Asset)

Livingston's net pension liability (asset) was measured as of June 30, 2021, and the total pension liability used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

Actuarial Assumptions – The total pension liability as of the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary increases	graded salary ranges from 8.72% to 3.44% based on age, including inflation, averaging 4.00%
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation
Cost of living adjustment	2.125%

Mortality rates were based on actual experience including an adjustment for some anticipated improvement.

The actuarial assumptions used in the June 30, 2021, actuarial valuation was based on the results of an actuarial experience study performed for the period July 1, 2016, through June 30, 2020. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

Changes of assumptions. In 2021, the following assumptions were changed: decreased inflation rate from 2.50% to 2.25%; decreased the investment rate of return from 7.25% to 6.75%; decreased the cost-of-living adjustment from 2.25% to 2.125%; and modified mortality assumptions.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2020 actuarial experience study. A blend of future capital market projections and historical market returns was used in a building-block method in which a best-estimate of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) is developed for each major asset class. These best-estimates 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 of 2.25%.

TOWN OF LIVINGSTON, TENNESSEE

Notes to Financial Statements (Continued)

June 30, 2022

NOTE 11 – PENSION PLAN (CONT.)

Actuarial Assumptions (Cont.)

The best-estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset class are summarized in the following table:

<u>Asset Class</u>	Percentage Long-term Expected Real Rate of Return	Percentage Target Allocations
U.S. Equity	4.88%	31%
Developed Market International Equity	5.37%	14%
Emerging Market International Equity	6.09%	4%
Private Equity and Strategic Lending	6.57%	20%
U.S. Fixed Income	1.20%	20%
Real Estate	4.38%	10%
Short-term Securities	0.00%	<u>1%</u>
		100%

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 6.75% based on a blending of the factors described above.

Discount Rate – The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from Livingston will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive 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.

TOWN OF LIVINGSTON, TENNESSEE

Notes to Financial Statements (Continued)

June 30, 2022

NOTE 11 – PENSION PLAN (CONT.)

Changes in the Net Pension Liability (Asset)

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Increase (Decrease)	Net Pension Liability (Asset) (a)-(b)
Balance at June 30, 2020	<u>\$ 9,852,136</u>	<u>\$10,410,221</u>	<u>\$ (558,085)</u>	
Changes for the year:				
Service cost	233,520			233,520
Interest	716,916			716,916
Differences between expected and actual experience	(181,827)			(181,827)
Changes in assumptions	1,559,317			1,559,317
Contributions- employer		92,786		(92,786)
Contributions- employees		142,747		(142,747)
Net investment income		2,664,092		(2,664,092)
Benefits payments, including refunds of employee contributions	(394,332)	(394,332)		-
Administrative expense		(7,265)		7,265
Other Changes	-	-		-
Net changes	<u>1,933,594</u>	<u>2,498,028</u>		<u>(564,434)</u>
Balance at June 30, 2021	<u>\$11,785,730</u>	<u>\$12,908,249</u>		<u>\$(1,122,519)</u>

Sensitivity of the net pension liability (asset) to changes in the discount rate. The following presents the net pension liability (asset) of Livingston calculated using the discount rate of 6.75%, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Livingston's net pension liability (asset)	\$670,763	(\$1,122,519)	(\$2,591,227)

Pension Expense (Negative Pension Expense) and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pension expense (negative pension expense). For the year ended June 30, 2022, Livingston recognized negative pension expense of \$154,537.

TOWN OF LIVINGSTON, TENNESSEE

Notes to Financial Statements (Continued)

June 30, 2022

NOTE 11 – PENSION PLAN (CONT.)

Deferred outflows of resources and deferred inflows of resources. For the year ended June 30, 2022, Livingston reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 327,915	\$ 268,459
Net difference between projected and actual earnings on pension plan investments	- 1,442,706	1,420,615 -
Contributions subsequent to the measurement date of June 30, 2021	<u>97,718</u>	<u>N/A</u>
Total	<u>\$ 1,868,339</u>	<u>\$ 1,689,074</u>

The amount shown above for “Contributions Subsequent to the Measurement Date of June 30, 2021,” will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

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

<u>June 30</u>	<u>Amount</u>
2023	(\$160,195)
2024	(\$81,313)
2025	(\$74,666)
2026	(\$154,097)
2027	(\$207,455)
Thereafter	(\$344,374)

In the table shown above, positive amounts will increase pension expense while negative amounts will decrease pension expense.

Payable to the Pension Plan

At June 30, 2022, Livingston reported a payable of \$10,573 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2022.

TOWN OF LIVINGSTON, TENNESSEE

Notes to Financial Statements (Continued)

June 30, 2022

NOTE 12 – COMMITMENTS

During the year ended June 30, 2022, the Town entered into contracts totaling \$481,800 for water system raw water intake improvements. A total of \$16,872 had been expended on the contract at June 30, 2022.

NOTE 13 – PRIOR PERIOD ADJUSTMENT

During the year ended June 30, 2022, the Town implemented GASB Statement No. 87, Leases. GASB No. 87 requires lessees to recognize a lease liability and an intangible right-of use asset at the net present value of future minimum lease payments. Additionally, two leases related to the purchase of equipment (previously required to be recognized as capital leases) were not recorded in the prior year. The implementation of GASB No. 87 and recording of the equipment leases had the following effect on net position as of June 30, 2021.

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Net position at June 30, 2021, as originally reported	\$12,243,842	\$16,102,322	\$28,346,164
Leased vehicles (intangible asset), net of accumulated depreciation	223,976	323,474	547,450
Leased equipment, net of accumulated depreciation	-	222,037	222,037
Lease liability	(223,976)	(510,548)	(734,524)
Increase in net position	<u>\$12,243,842</u>	<u>\$16,137,285</u>	<u>\$28,381,127</u>

There was no effect on previously reported Governmental Fund Balances. The prior period adjustment resulted in an increase to the previously reported net income of the business-type activities of \$56,060. There was no effect on previously reported net income for governmental activities.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF LIVINGSTON, TENNESSEE

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios*
Based on Participation in the Public Employee Pension Plan of the TCRS
For the Year Ended June 30

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Total pension liability								
Service cost	\$ 184,861	\$ 177,193	\$ 184,551	\$ 187,327	\$ 207,290	\$ 207,807	\$ 213,812	\$ 233,520
Interest	487,646	493,636	515,779	549,580	573,353	618,296	663,606	716,916
Differences between actual & expected experience	(378,739)	(146,634)	(23,596)	(114,795)	152,807	150,654	246,876	(181,827)
Change of assumptions	-	-	-	208,809	-	-	-	1,559,317
Benefit payments, including refunds of employee contributions	(192,480)	(219,960)	(252,662)	(205,004)	(335,590)	(292,535)	(423,067)	(394,332)
Net change in total pension liability	101,288	304,235	424,072	625,917	597,860	684,222	701,227	1,933,594
Total pension liability, beginning	<u>6,413,315</u>	<u>6,514,603</u>	<u>6,818,838</u>	<u>7,242,910</u>	<u>7,868,827</u>	<u>8,466,687</u>	<u>9,150,909</u>	<u>9,852,136</u>
Total pension liability, ending (a)	<u>6,514,603</u>	<u>6,818,838</u>	<u>7,242,910</u>	<u>7,868,827</u>	<u>8,466,687</u>	<u>9,150,909</u>	<u>9,852,136</u>	<u>11,785,730</u>
Plan fiduciary net position								
Contributions - employer	204,836	219,672	213,967	200,226	85,565	85,313	92,728	92,786
Contributions - employee	122,217	123,352	135,234	121,349	131,639	162,729	142,657	142,747
Net investment income	1,013,458	223,984	201,627	895,619	729,705	702,300	496,557	2,664,092
Benefit payments, including refunds of employee contributions	(192,480)	(219,960)	(252,662)	(205,004)	(335,590)	(292,535)	(423,067)	(394,332)
Administrative expense	(2,992)	(3,918)	(5,851)	(6,477)	(7,503)	(7,154)	(7,090)	(7,265)
Other	-	-	24,428	-	-	-	-	-
Net Change in plan fiduciary net position	1,145,039	343,130	316,743	1,005,713	603,816	650,653	301,785	2,498,028
Plan fiduciary net position, beginning	<u>6,043,342</u>	<u>7,188,381</u>	<u>7,531,511</u>	<u>7,848,254</u>	<u>8,853,967</u>	<u>9,457,783</u>	<u>10,108,436</u>	<u>10,410,221</u>
Plan fiduciary net position, ending (b)	<u>7,188,381</u>	<u>7,531,511</u>	<u>7,848,254</u>	<u>8,853,967</u>	<u>9,457,783</u>	<u>10,108,436</u>	<u>10,410,221</u>	<u>12,908,249</u>
Changes in benefit terms								
Net pension liability (asset), ending (a) - (b)	<u><u>\$ (673,778)</u></u>	<u><u>\$ (712,673)</u></u>	<u><u>\$ (605,344)</u></u>	<u><u>\$ (985,140)</u></u>	<u><u>\$ (991,096)</u></u>	<u><u>\$ (957,527)</u></u>	<u><u>\$ (558,085)</u></u>	<u><u>\$ (1,122,519)</u></u>
Plan fiduciary net position as a percentage of total pension liability	110.34%	110.45%	108.36%	112.52%	111.71%	110.46%	105.66%	109.52%
Covered-employee payroll	\$ 2,444,342	\$ 2,454,432	\$ 2,390,674	\$ 2,426,980	\$ 2,632,771	\$ 2,625,024	\$ 2,853,143	\$ 2,854,934
Net pension liability (asset) as a percentage of covered-employee payroll	-27.56%	-29.04%	-25.32%	-40.59%	-37.64%	-36.48%	-19.56%	-39.32%

Changes of assumptions. In 2021, the following assumptions were changed: decreased inflation rate from 2.50% to 2.25%; decreased the investment rate of return from 7.25% to 6.75%; decreased the cost-of-living adjustment from 2.25% to 2.125%; and modified mortality assumptions. In 2017, the following assumptions were changed: decreased inflation rate from 3.00% to 2.50%; decreased the investment rate of return from 7.50% to 7.25%; decreased the cost-of-living adjustment from 2.50% to 2.25%; decreased salary growth graded ranges from an average of 4.25% to an average of 4.00%; and modified mortality assumptions.

This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

TOWN OF LIVINGSTON, TENNESSEE

Schedule of Contributions
Based on Participation in the Public Employee Pension Plan of the TCRS
For the Year Ended June 30

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Actuarially determined contributions	\$ 204,836	\$ 219,672	\$ 213,967	\$ 181,781	\$ 85,565	\$ 97,861	\$ 22,540	\$ 22,554	\$ 92,793
Contributions in relation to the actuarially determined contribution	<u>204,836</u>	<u>219,672</u>	<u>213,967</u>	<u>200,226</u>	<u>85,565</u>	<u>97,861</u>	<u>92,728</u>	<u>92,786</u>	<u>92,793</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (18,445)</u>	<u>\$ -</u>	<u>\$ (70,188)</u>	<u>\$ (70,232)</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 2,442,342	\$ 2,454,432	\$ 2,390,674	\$ 2,426,980	\$ 2,632,771	\$ 2,615,942	\$ 2,853,143	\$ 2,854,934	\$ 2,854,934
Contributions as a percentage of covered payroll	8.39%	8.95%	8.95%	8.25%	3.25%	3.74%	3.25%	3.25%	3.25%

*GASB 68 requires a 10-year schedule for this data to be presented starting with the implementation of GASB 68. The information in this schedule is not required to be presented retroactively prior to the implementation date. Please refer to previously supplied data from the TCRS GASB website for prior years' data, if needed.

Notes to schedule

Valuation date: Actuarially determined contribution rates for 2022 were calculated based on the June 30, 2020 actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level dollar, closed (not to exceed 20 years)
Remaining amortization period	Varies by year
Asset valuation	10-year smoothed within a 20% corridor to market value
Inflation	2.5 percent
Salary increases	Graded salary ranges from 8.72 to 3.44% based on age, including inflation, averaging 4.00%
Investment rate of return	7.25%, net of investment expense, including inflation
Retirement age	Pattern of retirement determined by experience study
Mortality	Customized table based on actual experience including an adjustment for some anticipated improvement
Cost of living adjustments	2.25%

Changes of assumptions. In 2017, the following assumptions were changed: decreased inflation rate from 3.00 percent to 2.50 percent; decreased the investment rate of return from 7.50 percent to 7.25 percent; decreased the cost-of-living adjustment from 2.50 percent to 2.25 percent; decreased salary growth graded ranges from an average of 4.25 percent to an average of 4.00 percent; and modified mortality assumptions.

OTHER SUPPLEMENTARY INFORMATION

NONMAJOR GOVERNMENTAL FUNDS

State Street Aid –	To account for the receipt and usage of the Town's share of state gasoline taxes. State law requires these gasoline taxes to be used to maintain streets.
Home Rehabilitation Grant –	To account for federal grant funds to aid in the rehabilitation of qualifying Town resident's homes.
Police Drug –	To account for drug fines collected and expenditures associated with police drug investigations.
Industrial Development –	To account for notes receivable issued by the Town to entice local businesses to the Town's industrial park.
General Debt Service –	To account for the receipt of state sales tax for the payment of general obligation debt. Excess funds over annual requirements are available for transfer to other governmental funds.

TOWN OF LIVINGSTON, TENNESSEE

**Combining Balance Sheet
Nonmajor Governmental Funds**

June 30, 2022

	Special Revenue Funds						Total
	Street Aid	Home Rehabilitation	Police Drug	Industrial Development	General Debt Service		
ASSETS							
Current							
Cash and cash equivalents	\$ 79,640	\$ 4,963	\$ 118,835	\$ 237,579	\$ 321,324	\$ 762,341	
Investments	-	-	-	185,558	-	185,558	
Receivables (net of allowances for uncollectibles)							
Due from other governments	23,662	-	-	-	80,639	104,301	
Inventories	57,759	-	-	-	-	57,759	
Total assets	<u>\$ 161,061</u>	<u>\$ 4,963</u>	<u>\$ 118,835</u>	<u>\$ 423,137</u>	<u>\$ 401,963</u>	<u>\$ 1,109,959</u>	
LIABILITIES							
Accrued liabilities	\$ 381	\$ -	\$ -	\$ -	\$ -	\$ 381	
Due to other funds	53,995	-	16,000	-	-	69,995	
Total liabilities	<u>\$ 54,376</u>	<u>-</u>	<u>16,000</u>	<u>-</u>	<u>-</u>	<u>70,376</u>	
FUND BALANCES							
Nonspendable	57,759	-	-	-	-	-	57,759
Restricted	48,926	4,963	102,835	423,137	-	-	579,861
Unassigned	-	-	-	-	-	401,963	401,963
Total fund balances	<u>\$ 106,685</u>	<u>4,963</u>	<u>102,835</u>	<u>423,137</u>	<u>401,963</u>	<u>401,963</u>	<u>1,039,583</u>
Total liabilities and fund balances	<u>\$ 161,061</u>	<u>\$ 4,963</u>	<u>\$ 118,835</u>	<u>\$ 423,137</u>	<u>\$ 401,963</u>	<u>\$ 401,963</u>	<u>\$ 1,109,959</u>

TOWN OF LIVINGSTON, TENNESSEE

**Combining Schedule of Revenues, Expenditures and
Changes in Fund Balances
Nonmajor Governmental Funds**

For the Fiscal Year Ended June 30, 2022

	Special Revenue Funds						Total
	Street Aid	Home Rehabilitation	Police Drug	Industrial Development	General Debt Service		
Revenues							
Intergovernmental	\$ 137,311	\$ -	\$ -	\$ -	\$ 447,052	\$ 584,363	
Fines and forfeits	-	-	7,496	-	-	7,496	
Other revenues	-	-	-	2,105	-	2,105	
Total revenue	<u>137,311</u>	<u>-</u>	<u>7,496</u>	<u>2,105</u>	<u>447,052</u>	<u>593,964</u>	
Expenditures							
Public safety - Police	-	-	104,370	-	-	104,370	
Streets	224,467	-	-	-	-	224,467	
Debt service	-	-	-	-	437,053	437,053	
Total expenditures	<u>224,467</u>	<u>-</u>	<u>104,370</u>	<u>-</u>	<u>437,053</u>	<u>765,890</u>	
Excess (deficiency) of revenues over expenditures	<u>(87,156)</u>	<u>-</u>	<u>(96,874)</u>	<u>2,105</u>	<u>9,999</u>	<u>(171,926)</u>	
Other financing sources and (uses)							
Transfers in	-	-	184,119	-	-	184,119	
Total other financing sources and (uses)	<u>-</u>	<u>-</u>	<u>184,119</u>	<u>-</u>	<u>-</u>	<u>184,119</u>	
Net change in fund balances	<u>(87,156)</u>	<u>-</u>	<u>87,245</u>	<u>2,105</u>	<u>9,999</u>	<u>12,193</u>	
Fund balances, beginning	<u>193,841</u>	<u>4,963</u>	<u>15,590</u>	<u>421,032</u>	<u>391,964</u>	<u>1,027,390</u>	
Fund balances, ending	<u>\$ 106,685</u>	<u>\$ 4,963</u>	<u>\$ 102,835</u>	<u>\$ 423,137</u>	<u>\$ 401,963</u>	<u>\$ 1,039,583</u>	

TOWN OF LIVINGSTON, TENNESSEE

**Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (GAAP Basis) and Actual
State Street Aid Fund**

For the Fiscal Year Ended June 30, 2022

	Budgeted Amounts		Actual Amounts	Variance - Favorable/ (Unfavorable)
	Original	Final		
Revenue				
Intergovernmental				
Gasoline & motor fuel tax	\$ 81,000	\$ 76,000	\$ 70,520	\$ (5,480)
Gas 3 cents	24,000	20,500	20,330	(170)
Gas 1989	23,500	12,500	10,975	(1,525)
Gas 2017	27,000	38,500	35,486	(3,014)
Total intergovernmental	<u>155,500</u>	<u>147,500</u>	<u>137,311</u>	<u>(10,189)</u>
Other revenues				
Sale of assets	500	-	-	-
Total other revenues	<u>500</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>156,000</u>	<u>147,500</u>	<u>137,311</u>	<u>(10,189)</u>
Expenditures				
Current:				
Streets				
Hourly wages	60,183	64,183	60,338	3,845
Bonus	4,500	5,000	700	4,300
Payroll tax	4,800	6,300	4,415	1,885
Employee insurance	2,100	2,100	6,650	(4,550)
Retirement - employer	500	500	1,984	(1,484)
Electricity	1,000	1,000	-	1,000
Vehicle repair	2,000	2,000	301	1,699
Equipment repair	8,000	9,500	7,957	1,543
Materials & supplies	35,000	53,000	95,681	(42,681)
Gasoline & oil	9,000	9,000	6,552	2,448
Miscellaneous	2,500	2,500	137	2,363
Insurance and bonding	3,000	30,000	27,003	2,997
Vehicles	12,000	12,000	-	12,000
Equipment	-	1,000	12,750	(11,750)
Total expenditures	<u>144,583</u>	<u>198,083</u>	<u>224,468</u>	<u>(26,385)</u>
Excess of rev over (under) expenditures	<u>11,417</u>	<u>(50,583)</u>	<u>(87,157)</u>	<u>(36,574)</u>
Other financing sources (uses)				
Operating transfers - in	-	-	-	-
Net change in fund balances	11,417	(50,583)	(87,157)	(36,574)
Fund balances, beginning	222,173	193,841	193,841	-
Changes in reserves for inventory accounts	1,500	1,500	-	(1,500)
Fund balances, ending	<u>\$ 235,090</u>	<u>\$ 144,758</u>	<u>\$ 106,684</u>	<u>\$ (38,074)</u>

TOWN OF LIVINGSTON, TENNESSEE

**Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (GAAP Basis) and Actual
Home Rehabilitation Grant Fund**

For the Fiscal Year Ended June 30, 2022

	Budgeted Amounts		Actual Amounts	Variance - Favorable/ (Unfavorable)
	Original	Final		
<u>Revenue</u>				
Intergovernmental				
Grants	\$	-	\$	\$
Total intergovernmental		-	-	-
<u>Expenditures</u>				
Current:				
Community assistance				
Consultant's services		-	-	-
Building improvements		-	-	-
Total expenditures		-	-	-
Net change in fund balances		-	-	-
Fund balances, beginning		4,963	4,963	4,963
Fund balances, ending	\$	4,963	\$	\$

TOWN OF LIVINGSTON, TENNESSEE

**Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (GAAP Basis) and Actual
Police Drug Fund**

For the Fiscal Year Ended June 30, 2022

	Budgeted Amounts		Actual Amounts	Variance - Favorable/ (Unfavorable)
	Original	Final		
Revenue				
Fines and forfeits				
Drug fines and fees	\$ 7,000	\$ 7,000	\$ 7,196	\$ 196
Miscellaneous income	-	-	300	300
Total fines and forfeits	7,000	7,000	7,496	496
Other revenues				
Sale of assets	100,000	-	-	-
Total other revenues	100,000	-	-	-
Total revenues	107,000	7,000	7,496	496
Expenditures				
Current:				
Public Safety				
Vehicle repair	5,000	-	-	-
Equipment repair	1,000	1,000	-	1,000
Materials & supplies	20,000	16,000	8,251	7,749
Gasoline and Oil	3,000	3,000	-	3,000
Police Camp	20,000	20,000	-	20,000
National Night Out	6,000	6,000	-	6,000
Drug awareness	4,000	4,000	-	4,000
Shooters education	1,500	1,500	-	1,500
Training range	15,000	3,000	-	3,000
Leso	10,000	-	-	-
Travel	2,000	2,000	-	2,000
Miscellaneous	9,000	9,000	3,319	5,681
Vehicles	5,000	95,000	92,800	2,200
Equipment	5,000	5,000	-	5,000
Total expenditures	106,500	165,500	104,370	61,130
Excess of revenues over (under)	500	(158,500)	(96,874)	61,626
Other financing sources (uses)				
Operating transfers	-	184,000	184,119	119
Total other financing sources (uses)	-	184,000	184,119	119
Net change in fund balances	500	25,500	87,245	61,745
Fund balances, beginning	10,045	15,590	15,590	-
Fund balances, ending	\$ 10,545	\$ 41,090	\$ 102,835	\$ 61,745

TOWN OF LIVINGSTON, TENNESSEE

**Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (GAAP Basis) and Actual
Industrial Development Fund**

For the Fiscal Year Ended June 30, 2022

	Budgeted Amounts		Actual Amounts	Variance - Favorable/ (Unfavorable)
	Original	Final		
Revenues				
Other revenues				
Interest income	\$ -	\$ -	\$ 2,105	\$ 2,105
Total revenues				
Expenditures				
Current:				
Miscellaneous				
Total expenditures				
Other financing sources (uses)				
Operating transfers				
Total other financing sources (uses)				
Net change in fund balances				
Fund balances, beginning	417,665	417,665	421,032	3,367
Fund balances, ending	\$ 417,665	\$ 417,665	\$ 423,137	\$ 5,472

TOWN OF LIVINGSTON, TENNESSEE

**Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (GAAP Basis) and Actual
General Debt Service Fund**

For the Fiscal Year Ended June 30, 2022

	Budgeted Amounts		Actual Amounts	Variance - Favorable/ (Unfavorable)
	Original	Final		
Revenues				
Intergovernmental				
State Sales Tax	\$ 400,000	\$ 425,000	\$ 447,052	\$ 22,052
Total intergovernmental	<u>400,000</u>	<u>425,000</u>	<u>447,052</u>	<u>22,052</u>
Other revenues				
Interest income	-	-	-	-
Total other revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>400,000</u>	<u>425,000</u>	<u>447,052</u>	<u>22,052</u>
Expenditures				
Miscellaneous expense	-	1,000	-	1,000
Principal on bonds				
Industrial park bond #97-11	13,900	13,900	12,670	1,230
Chamber of Comm. bldg bond #97-31	5,050	5,050	5,294	(244)
Principal on notes				
Paving	87,000	87,000	87,000	-
Downtown park	129,000	129,000	129,000	-
Paving #2	45,000	45,000	45,000	-
Paving #3	88,000	88,000	88,000	-
Interest on bonds				
Industrial park bond #97-11	1,600	1,600	345	1,255
Chamber of Comm. bldg bond #97-31	5,600	5,600	5,313	287
Interest on notes				
Paving	13,300	13,300	12,257	1,043
Downtown park	10,200	10,200	10,138	62
Paving #2	15,300	15,300	15,269	31
Paving #3	26,800	26,800	26,768	32
Total expenditures	<u>440,750</u>	<u>441,750</u>	<u>437,053</u>	<u>4,697</u>
Excess (deficiency) of revenues over expenditures	<u>(40,750)</u>	<u>(16,750)</u>	<u>9,999</u>	<u>26,749</u>
Other financing sources and (uses)				
Operating transfers in	-	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>(40,750)</u>	<u>(16,750)</u>	<u>9,999</u>	<u>26,749</u>
Fund balances, beginning	\$ 377,179	\$ 377,179	\$ 391,964	\$ 14,785
Fund balances, ending	<u>\$ 336,429</u>	<u>\$ 360,429</u>	<u>\$ 401,963</u>	<u>\$ 41,534</u>

FINANCIAL SCHEDULES

TOWN OF LIVINGSTON, TENNESSEE

Capital Assets Used in the Operation of Governmental Funds

Schedule By Function and Activity

June 30, 2022

	Land	Buildings	Improvements Other than Buildings	Equipment	Infrastructure	Total
General government	\$ 17,000	\$ 503,814	\$ 160,855	\$ 40,901	\$ 95,974	\$ 818,544
Public safety						
Police	-	254,981	20,200	558,257	-	833,438
Fire	8,700	254,981	-	1,645,561	-	1,909,242
Streets	-	10,000	-	485,575	3,681,177	4,176,752
Recreation	136,603	-	2,045,470	433,117	-	2,615,190
Airport	586,331	208,287	6,929,985	90,990	-	7,815,593
Sanitation	-	-	-	296,991	-	296,991
Industrial development	250,000	-	-	-	-	250,000
Total governmental capital assets	<u>\$ 998,634</u>	<u>\$ 1,232,063</u>	<u>\$ 9,156,510</u>	<u>\$ 3,551,392</u>	<u>\$ 3,777,151</u>	<u>\$ 18,715,750</u>

TOWN OF LIVINGSTON, TENNESSEE

Capital Assets Used in the Operation of Governmental Funds

Schedule of Changes by Function and Activity

For the Fiscal Year Ended June 30, 2022

	Beginning Balance	Additions	Deletions	Reclassify	Ending Balance
General government	\$ 767,545	\$ 50,999	\$ -	\$ -	\$ 818,544
Public safety					
Police	1,230,384	-	396,946	-	833,438
Fire	1,901,520	7,722	-	-	1,909,242
Streets	4,137,870	38,882	-	-	4,176,752
Recreation	2,594,376	20,814	-	-	2,615,190
Airport	7,663,700	151,893	-	-	7,815,593
Sanitation	296,991	-	-	-	296,991
Industrial development	250,000	-	-	-	250,000
Total governmental capital assets	<u>\$ 18,842,386</u>	<u>\$ 270,310</u>	<u>\$ 396,946</u>	<u>\$ -</u>	<u>\$ 18,715,750</u>

TOWN OF LIVINGSTON, TENNESSEE

Schedule of Changes in Property Tax Receivable

For the Fiscal Year Ended June 30, 2022

	Calendar Year 2022	Calendar Year 2021	Calendar Year 2020	Previous Nine Years	Total
Balance, beginning	\$ -	\$ 1,586,527	\$ 45,944	\$ 26,348	\$ 1,658,819
Tax aggregate	1,653,010	-	-	-	1,653,010
Adjustment from prior year public utility estimate	-	4,197	-	-	4,197
Changes - Assessor of Property	-	3,140	(40)	-	3,100
Collections - current year revenue	-	(1,544,971)	(31,117)	(14,026)	(1,590,114)
Unpaid state ACVs & nominal posting errors	-	11,562	-	-	11,562
Delinquent - turned over to Clerk and Master (county)	-	-	(14,786)	14,786 *	-
Amount from previous year rolled off ten-year schedule	-	-	-	(760)	(760)
Balance, ending	<u>\$ 1,653,010</u>	<u>\$ 60,455</u>	<u>\$ -</u>	<u>\$ 26,348</u>	<u>\$ 1,739,813</u>

* Turned over to Clerk & Master on June 27, 2022

TOWN OF LIVINGSTON, TENNESSEE

**Schedule of Uncollected Taxes Filed
with Clerk & Master - Last Ten Years**

For the Fiscal Year Ended June 30, 2022

Tax Year	Delinquent Beginning	Estimated Collections	Turned Over		Delinquent Ending
			to Clerk & Master		
2011	\$ 388	\$ -	\$ -	\$ -	\$ 388
2012	43	-	-	-	43
2013	177	-	-	-	177
2014	212	34	-	-	178
2015	683	423	-	-	260
2016	1,285	291	-	-	994
2017	1,315	977	-	-	338
2018	2,517	814	-	-	1,703
2019	19,613	12,132	-	-	7,481
2020	-	-	14,786	*	14,786
Total	\$ 26,233	\$ 14,671	\$ 14,786	\$ 26,348	

* Turned over to Clerk & Master on June 27, 2022

TOWN OF LIVINGSTON, TENNESSEE

Schedule of Changes in Lease Obligations

June 30, 2022

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7/1/2021	Issued During Period	Paid and/or Matured During Period	Outstanding 6/30/2022
Governmental Activities:								
Vehicle lease	20177	3.00%	3/1/2021	2/1/2025	\$ 18,540	\$ -	\$ 4,856	\$ 13,684
Vehicle lease	23148	3.00%	11/1/2021	10/1/2022	15,547	-	11,602	3,945
Vehicle lease	39031	3.00%	6/1/2021	5/1/2026	38,332	-	7,346	30,986
Vehicle lease	23713	3.00%	12/1/2020	11/1/2025	21,073	-	4,530	16,543
Vehicle lease	23713	3.00%	12/1/2020	11/1/2025	21,073	-	4,530	16,543
Vehicle lease	23713	3.00%	12/1/2020	11/1/2025	21,073	-	4,530	16,543
Vehicle lease	23713	3.00%	12/1/2020	11/1/2025	21,073	-	4,530	16,543
Vehicle lease	20038	3.00%	12/1/2020	11/1/2025	17,807	-	3,828	13,979
Vehicle lease	21095	3.00%	12/1/2020	11/1/2022	15,035	-	10,546	4,489
Vehicle lease	36794	3.00%	3/1/2021	2/1/2026	34,423	-	6,977	27,446
					\$ 223,976	\$ -	\$ 63,275	\$ 160,701
Business-Type Activities:								
Equipment financing lease	104,042	2.99%	1/19/2021	11/19/2023	\$ 86,628	\$ -	\$ 35,090	\$ 51,538
Equipment financing lease	139,091	3.35%	9/17/2020	7/17/2023	100,446	-	47,341	53,105
Vehicle lease	39,031	3.00%	6/1/2021	5/1/2026	38,332	-	7,346	30,986
Vehicle lease	33,686	3.00%	2/1/2021	1/1/2026	30,990	-	6,403	24,587
Vehicle lease	33,612	3.00%	2/1/2021	1/1/2026	30,922	-	6,389	24,533
Vehicle lease	23,135	3.00%	12/1/2020	11/1/2022	16,488	-	11,566	4,922
Vehicle lease	26,531	3.00%	12/1/2020	11/1/2025	23,577	-	5,068	18,509
Vehicle lease	26,531	3.00%	12/1/2020	11/1/2025	23,577	-	5,068	18,509
Vehicle lease	26,531	3.00%	12/1/2020	11/1/2025	23,577	-	5,068	18,509
Vehicle lease	33,575	3.00%	2/1/2021	1/1/2026	30,888	-	6,382	24,506
Vehicle lease	36,793	3.00%	3/1/2021	2/1/2026	34,422	-	6,977	27,445
Vehicle lease	37,071	3.00%	4/1/2021	3/1/2026	35,258	-	7,012	28,246
Vehicle lease	37,265	3.00%	4/1/2021	3/1/2026	35,443	-	7,048	28,395
					\$ 510,548	\$ -	\$ 156,758	\$ 353,790

TOWN OF LIVINGSTON, TENNESSEE

Schedule of Changes in All Long-Term Notes and Bonds

For the Fiscal Year Ended June 30, 2022

Description of Debt	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding Beginning	Issued During Period	Paid, Matured and/or Forgiven During Period			Outstanding Ending
Notes payable										
Payable through General Debt Service Fund										
Capital Outlay Note - Series 2013 (Paving)	\$ 1,000,000	2.95	10/30/13	11/1/25	\$ 459,000	\$ -	\$ 87,000	\$ 372,000		
Capital Outlay Note - Series 2015 (Downtown Park)	1,100,000	2.56	6/16/15	6/1/24	396,000	-	129,000	267,000		
Capital Outlay Note - Series 2018 (Paving #2)	500,000	3.89	10/1/18	10/1/28	415,000	-	45,000	370,000		
Capital Outlay Note - Series 2020 (Paving #3)	1,000,000	2.80	9/16/20	8/1/30	1,000,000	-	88,000	912,000		
Payable through Water & Sewer Fund										
State of TN - Drinking Water Revolving Fund 04-055	1,426,694	1.96	6/29/04	7/31/26	422,908	-	78,669	344,239		
State of TN - Drinking Water Revolving Fund 04-059	5,570,000	1.51	9/28/05	11/1/28	2,285,714	-	290,299	1,995,415		
State of TN - Drinking Water Revolving Fund 14-144	520,000	1.64	3/26/14	8/1/35	387,395	-	24,789	362,606		
State of TN - Drinking Water Revolving Fund 14-146	450,000	1.64	2/26/15	11/26/35	339,697	-	21,411	318,286		
Water System Revenue & Tax Capital Outlay Note, Series 2019	1,800,000	3.82	4/4/19	4/1/29	1,492,000	-	163,000	1,329,000		
Total notes payable						\$ 7,197,714	\$ -	\$ 927,168	\$ 6,270,546	
General bonded debt										
Payable through General Debt Service Fund										
FHA 97-11	\$ 435,000	5.0	9/10/82	9/10/21	\$ 13,876	\$ -	\$ 13,876	\$ -		
FHA 97-31	185,000	4.75	10/29/98	10/29/36	116,919	-	5,294	111,625		
Total payable through General Debt Service Fund					130,795	-	19,170	111,625		
Payable through Water & Sewer Fund										
Series 2013 Refunding	7,175,000	2.0 - 4.125	8/30/13	12/1/33	4,885,000	-	4,885,000	-		
TML Local Government Loan Program Bond, Series 2016	3,000,000	2.5	12/28/16	12/28/41	2,315,981	-	97,000	2,218,981		
TML Local Government Loan Program Bond, Series 2020	1,700,000	2.99	2/26/20	2/26/25	1,488,895	112,623	65,000	1,536,518		
TML Local Government Loan Program Bond, Series 2021	4,558,635	2.05	11/30/21	12/1/33	-	4,558,635	-	4,558,635		
Total payable through Water & Sewer Fund					8,689,876	4,671,258	5,047,000	8,314,134		
Total bonded debt					\$ 8,820,671	\$ 4,671,258	\$ 5,066,170	\$ 8,425,759		

TOWN OF LIVINGSTON, TENNESSEE

Schedule of Maturities of Indebtedness and Interest Requirements

General Obligation

June 30, 2022

Fiscal Year Ending June 30,	Bond Issue FmHA 97-31	Note Issues								Total	
		Paving		Downtown Park		Capital Outlay Series 2018		Capital Outlay Series 2020			
		Principal	Interest								
2023	\$ 5,287	\$ 89,000	\$ 132,000	\$ 47,000	\$ 90,000	\$ 363,287	\$ 59,570	\$ 422,857			
2024	5,539	92,000	135,000	49,000	93,000	374,539	48,840	423,379			
2025	5,802	94,000	-	51,000	96,000	246,802	37,787	284,589			
2026	6,078	97,000	-	52,000	98,000	253,078	29,974	283,052			
2027	6,366	-	-	55,000	101,000	162,366	23,388	185,754			
2028	6,668	-	-	57,000	104,000	167,668	18,038	185,706			
2029	6,985	-	-	59,000	107,000	172,985	12,510	185,495			
2030	7,317	-	-	-	110,000	117,317	7,993	125,310			
2031	7,664	-	-	-	113,000	120,664	4,523	125,187			
2032	8,028	-	-	-	-	8,028	2,577	10,605			
2033	8,410	-	-	-	-	8,410	2,196	10,606			
2034	8,809	-	-	-	-	8,809	1,797	10,606			
2035	9,227	-	-	-	-	9,227	1,378	10,605			
2036	9,666	-	-	-	-	9,666	940	10,606			
2037	9,779	-	-	-	-	9,779	827	10,606			
Total	\$ 111,625	\$ 372,000	\$ 267,000	\$ 370,000	\$ 912,000	\$ 2,032,625	\$ 252,338	\$ 2,284,963			

TOWN OF LIVINGSTON, TENNESSEE

Schedule of Maturities of Indebtedness and Interest Requirements

Water & Sewer Fund

June 30, 2022

Year Ending June 30,	Bond Issues			Note Issues											
	Local Govt 2016 Loan Program		Local Govt 2020 Loan Program		Local Govt 2021 Refunding		Drinking Water DWF 04-055	Drinking Water DWF 04-059	Drinking Water DWF 04-144	Drinking Water DWF 04-146	Capital Outlay Series 2019	Principal	Interest	Total	
2023	\$ 99,000	\$ 67,000	\$ 363,635	\$ 80,225	\$ 294,712	\$ 25,199	\$ 21,764	\$ 169,000	\$ 1,120,535	\$ 294,607	\$ 1,415,142				
2024	102,000	69,000	365,000	81,800	299,130	25,601	22,111	176,000	1,140,642	269,426	1,410,068				
2025	104,000	71,000	375,000	83,429	303,740	26,039	22,489	182,000	1,167,697	243,423	1,411,120				
2026	107,000	73,000	385,000	85,079	308,358	26,469	22,861	189,000	1,196,767	216,852	1,413,619				
2027	110,000	76,000	400,000	13,706	313,046	26,906	23,239	197,000	1,159,897	190,031	1,349,928				
2028	113,000	78,000	355,000	-	317,795	27,341	23,614	204,000	1,118,750	164,115	1,282,865				
2029	115,000	80,000	365,000	-	158,634	27,803	24,013	212,000	982,450	138,565	1,121,015				
2030	118,000	83,000	385,000	-	-	28,262	24,410	-	638,672	115,912	754,584				
2031	121,000	85,000	400,000	-	-	28,729	24,813	-	659,542	101,527	761,069				
2032	124,000	88,000	415,000	-	-	29,199	25,219	-	681,418	86,693	768,111				
2033	127,000	90,000	435,000	-	-	29,686	25,640	-	707,326	71,304	778,630				
2034	130,000	93,000	315,000	-	-	30,177	26,064	-	594,241	56,798	651,039				
2035	134,000	96,000	-	-	-	31,195	26,494	-	287,689	46,560	334,249				
2036	137,000	99,000	-	-	-	-	5,555	-	241,555	39,780	281,335				
2037	140,000	101,000	-	-	-	-	-	-	241,000	33,353	274,353				
2038	144,000	104,000	-	-	-	-	-	-	248,000	26,783	274,783				
2039	68,868	108,000	-	-	-	-	-	-	-	176,868	20,023	196,891			
2040	71,868	75,518	-	-	-	-	-	-	-	147,386	13,056	160,442			
2041	74,622	-	-	-	-	-	-	-	-	74,622	5,913	80,535			
2042	78,623	-	-	-	-	-	-	-	-	78,623	1,987	80,610			
Total	\$ 2,218,981	\$ 1,536,518	\$ 4,558,635	\$ 344,239	\$ 1,995,415	\$ 362,606	\$ 318,286	\$ 1,329,000	\$ 12,663,680	\$ 2,136,708	\$ 14,800,388				

TOWN OF LIVINGSTON, TENNESSEE

Schedule of Expenditure Federal Awards and State Financial Assistance

For the Fiscal Year Ended June 30, 2022

Federal Grantor/Pass-Through Grantor	Program	Assistance Listing Number	Contract Number	Passed Through to Subrecipients			Expenditures			
<u>Federal Awards</u>										
Pass-through Funding:										
Federal Emergency Management Agency through Tennessee Department of Military	Public Assistance Grant	97.036	4594-DR-TN	\$	-	\$	160,550			
Federal Emergency Management Agency through Tennessee Department of Military	Public Assistance Grant	97.036	4601-DR-TN		-		7,949			
U.S. Department of Housing and Urban Development through Tennessee Department of Economic and Community Development	Community Development Block Grant	14.228	N/A		-		586,433			
Total federal awards					-		754,932			
<u>State Financial Assistance</u>										
Tennessee Department of Transportation	Airport General Maintenance	67-0136-20		-			36,486			
"	Airport General Maintenance	67-0537-20		-			45,748			
"	Airport General Maintenance	67-0742-22		-			14,539			
"	Airport General Maintenance	67-0141-21		-			71,873			
"	Airport General Maintenance	67-0143-22		-			13,000			
"	Kimberly Horn Sidewalks		N/A	-			11,395			
Tennessee Department of Safety	Enforcements in Traffic Safety	Z21THS169		-			1,046			
Tennessee Department of Military	Public Assistance - Ice Storm	4594-DR-TN		-			26,759			
Tennessee Department of Military	Public Assistance - Other	4601-DR-TN		-			1,324			
Tennessee Department of Finance and Administration	Local Government Direct Appropriation		N/A	-			59,299			
Total state awards					-		281,469			
Total federal awards and state financial assistance				\$	-	\$	1,036,401			

TOWN OF LIVINGSTON, TENNESSEE

Note to the Schedule of Expenditures of Federal Awards and State Financial Assistance

For the Year Ended June 30, 2022

Note 1 – Basis of Presentation

The accompanying schedules of expenditures of federal and state financial assistance is presented in accordance with accounting principles generally accepted in the United States of America, which is the same basis of accounting as the basic financial statements.

This schedule summarizes the expenditures of Town of Livingston, Tennessee under programs of the federal and state governments for the year ended June 30, 2022. Because this schedule presents only a portion of the operations of Town of Livingston, Tennessee, it is not intended and does not present the net position or changes in net position of Town of Livingston, Tennessee.

Note 2 – Indirect Cost Rate

Town of Livingston, Tennessee has not elected to use the 10-percent de minimis indirect cost rate allowed under Uniform Guidance.

Note 3 – Outstanding Loan Balance

Town of Livingston, Tennessee balances of federal loans outstanding at June 30, 2022 consisted of the following:

<u>Federal Loan</u>	<u>Ending Balance</u>
Chamber of Commerce Building	\$ 111,625
Water System Improvements	2,218,981
Sewer System Improvements	1,536,518
Refunding Bonds – Series 2021	<u>4,558,635</u>
	<u><u>\$8,425,759</u></u>

TOWN OF LIVINGSTON, TENNESSEE

Schedule of Operating Transfers

For the Fiscal Year Ended June 30, 2022

From Fund	To Fund	Purpose	Amount
General	Police Drug	Operations	\$ <u>184,119</u>
Water & Sewer	General	In lieu of taxes	\$ 34,203
Natural Gas	General	In lieu of taxes	\$ 22,116
			\$ <u>56,319</u>

OTHER INFORMATION

TOWN OF LIVINGSTON, TENNESSEE

Schedule of Enterprise Utility Rates in Force

For the Fiscal Year Ended June 30, 2022

WATER & SEWER

	Gallons	Rate In Effect
		June 30, 2019
Rate for Inside City:		
	Minimum of 1,000	\$ 14.21
	Next 49,000	5.79
	Over 50,000	3.70
Rate for Outside City:		
	Minimum of 1,000	24.29
	Next 49,000	9.85
	Over 50,000	6.23
Utility District:	per each 1,000	3.53

The number of customers at year end were as follows:

Water: 5,091
Sewer: 1,710

Note that the water rates do not include sales tax or sewer rental.

Sewer rental is comprised of a flat rate of \$3.30 plus \$3.00 per 1,000 gallons.

NATURAL GAS

	Cubic Feet of Gas	Unit Cost
Residential and Commercial:		
Rate for Inside City	0-3	\$ 5.05
Rate for Outside City	0-3	6.05
Rate for Inside City	each 100	12.20
Rate for Outside City	each 100	12.70
Industrial		
0 to 375,000	each 100	12.40
Over 375,000	each 100	10.65
Over 750,000	each 100	9.40

Gas rates effective as of June 30, 2022 (rates change monthly)

Number of customers at year end: 1,584

INTERNAL CONTROL AND COMPLIANCE SECTION

INDEPENDENT ACCOUNTANTS' 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

Mayor and Board of Aldermen
Town of Livingston, Tennessee
Livingston, Tennessee

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Livingston, Tennessee, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Town of Livingston, Tennessee's basic financial statements, and have issued our report thereon dated August 14, 2023.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Town of Livingston, Tennessee's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Town of Livingston, Tennessee's internal control. Accordingly, we do not express an opinion on the effectiveness of Town of Livingston, Tennessee'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of Town of Livingston, Tennessee's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2022-003 that we considered to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Town of Livingston, Tennessee'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 matter that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2022-001, 2022-02 and 2022-03.

Town of Livingston, Tennessee's Responses to Findings

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

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 Town of Livingston, Tennessee's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Livingston, Tennessee's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Mitchell Emert & Hiel". The signature is written in a cursive, flowing style.

August 14, 2023

TOWN OF LIVINGSTON, TENNESSEE

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS

Year Ended June 30, 2022

There were no prior year findings reported.

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Mayor and Board of Aldermen
Town of Livingston, Tennessee
Livingston, Tennessee

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Town of Livingston, Tennessee's compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect of Town of Livingston, Tennessee's major federal programs for the year ended June 30, 2022. Town of Livingston, Tennessee's major federal program are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Town of Livingston, Tennessee complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Town of Livingston, Tennessee and to meet our ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of Town of Livingston, Tennessee's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulation, rules, and provisions of contracts or grant agreements applicable to Town of Livingston, Tennessee's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Town of Livingston, Tennessee's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Town of Livingston, Tennessee's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Town of Livingston, Tennessee's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Town of Livingston, Tennessee's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Town of Livingston, Tennessee's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Mitchell Emert & Hill". The signature is fluid and cursive, with "Mitchell" on the top line, "Emert" on the middle line, and "& Hill" on the bottom line.

August 14, 2023

TOWN OF LIVINGSTON, TENNESSEE

FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2022

SUMMARY OF AUDIT RESULTS

1. The Independent Accountants' Audit Report expresses an unmodified opinion on the financial statements of Town of Livingston, Tennessee.
2. One significant deficiencies in internal control over financial reporting was disclosed.
3. Three instances of noncompliance material to the financial statements was disclosed.
4. No significant deficiencies in internal control over major federal programs were disclosed.
5. The Independent Accountants' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance expresses an unmodified opinion on Town of Livingston, Tennessee's compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its major federal programs.
6. No findings or questioned costs were disclosed which would be required to be reported in accordance with the Uniform Guidance.
7. The following programs were tested as major programs:

<u>Program Name</u>	<u>Assistance Listing Number.</u>
Community Development Block Grant	14.228

8. The threshold for distinguishing Types A and B programs was \$750,000.
9. Town of Livingston, Tennessee was not determined to be a low-risk auditee.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No findings or questioned costs were disclosed which would be required to be reported in accordance with the Uniform Guidance.

TOWN OF LIVINGSTON, TENNESSEE

FINDINGS AND QUESTIONED COSTS
(continued)

Year Ended June 30, 2022

FINANCIAL STATEMENT FINDINGS

Finding Number 2022-001 – Budget Overspending

Condition: The state street aid fund did not include an adequate budget appropriation for total expenses. Total expenses exceeded appropriations by \$26,385.

Cause: Adequate budget appropriations were not made for total expenses in the state street aid fund.

Criteria: Sound internal controls include ensuring that public funds may not be spent until a governing body has appropriated them in accordance with Tennessee Code Annotated Section 9-1-116.

Effect or potential effect: Inadequate appropriations for total expenses in each fund could result in inadequate revenue appropriations and a negative change in net assets or a potential net asset deficit.

Recommendation: Management should ensure adequate appropriations are made for total expenses in each fund. Budget amendments should be made to account for any unexpected expenses for which there are not adequate appropriations.

Management Response: We concur. Management and the Board will ensure adequate appropriations are made in the future.

TOWN OF LIVINGSTON, TENNESSEE

FINDINGS AND QUESTIONED COSTS
(continued)

Year Ended June 30, 2022

Finding Number 2022-002 – Oversight of Police Evidence

Condition: There was a lack of internal controls over police evidence and seized cash.

Cause: The Police Chief failed to provide adequate oversight of department personnel and limit access to seized cash and evidence. The Police Chief failed to request an independent inventory of the police department's evidence room when he became aware of issues pertaining to evidence.

Criteria: Pursuant to Tennessee Code Annotated, seized property may be padlocked as ordered by a court of record, it may be secured by depositing in an interest-bearing account as approved by a court of record, or it may be secured as otherwise authorized by law regarding maintenance, storage or disposition of seized property. Seized funds should be deposited within three days as required by TCA 6-56-111. Access to evidence should be adequately restricted to ensure seized property is adequately safeguarded.

Effect or potential effect: As a result of the lack of internal controls over police evidence a state investigation determined at least \$27,000 in seized cash was missing from department evidence. The investigation also determined that individuals were able to gain improper access to evidence, that seized cash was not deposited in a timely manner and that a periodic inventory of evidence was not maintained. Discrepancies were also noted related to the legitimacy and accuracy of evidentiary records making seized evidence more susceptible to misappropriation and potential chain of custody and admissibility issues in criminal cases.

Recommendation: Management should ensure adequate controls over seized cash and evidence are implemented and perform monitoring procedures on a regular basis to ensure controls are being maintained. Evidence should be logged, labeled and secured in a timely manner, seized cash should be deposited within three days and regular inventories of evidence should be prepared and compared to evidence logs. Access to seized property and evidence should be limited to necessary individuals.

Management Response: We concur. We have implemented the following controls over seized property and evidence: Evidence is being logged, labeled and secured in a timely manner. Seized cash is deposited within three days. Evidence inventories are prepared regularly and compared to the evidence log. The only individuals that have access to seized property and evidence are the Police Chief and Evidence Lieutenant.

TOWN OF LIVINGSTON, TENNESSEE

FINDINGS AND QUESTIONED COSTS

(continued)

Year Ended June 30, 2022

Finding Number 2022-003 – Oversight of Police Drug Fund

Condition: There was a lack of oversight over the police drug fund.

Cause: The Board of Mayor and Alderman and the Police Chief failed to properly oversee the police department's drug fund.

Criteria: Contrary to the requirements of TCA 39-17-420, the Board of Mayor and Alderman voted to allow the selling of Law Enforcement Support Office (LESO) equipment awarded to the department and placing the proceeds into the drug fund.

Effect or potential effect: A state investigation determined that funds from the sale of LESO equipment totaling \$352,906 were improperly deposited to the police drug fund. The state investigation also revealed that reimbursements for travel related to acquiring LESO equipment totaling \$41,782 were paid to the Police Chief from the police drug fund.

Recommendation: Management should provide better oversight over the police drug funds. Pursuant to TCA 39-17-420, sources of drug fund revenue are to be derived from fines, forfeited cash, and proceeds from the sale of forfeited property, donations and appropriations. TCA 39-17-420 requires that the drug fund may only be used for local drug enforcement programs, local drug education programs, local drug treatment programs and nonrecurring general law enforcement expenditures.

Management Response: We concur. Funds from the sale of LESO equipment is now deposited into the general fund. Expenditures from the drug fund include only those items allowed by TCA 39-17-420.



WILLIAM CURTIS HAYES, JR., MAYOR
KEN DODSON, VICE MAYOR

301 McHENRY CIRCLE
LIVINGSTON, TENNESSEE 38570
PHONE: 931-823-1269
FAX: 931-823-1384

ALDERMEN:
JOHN CLOUGH
REX DALE
BRUCE ELDER
DAVID LANGFORD
BILL LINDER

MANAGEMENT'S CORRECTIVE ACTION PLAN

Town of Livingston, Tennessee submits the following corrective action plan for the year ended June 30, 2022. The findings from the June 30, 2022 schedule of findings, recommendations and management responses are discussed below.

Finding Number 2022-001 – Budget Overspending

Recommendation: Management should ensure adequate appropriations are made for total expenses in each fund. Budget amendments should be made to account for any unexpected expenses for which there are not adequate appropriations.

Management Response: We concur. Management and the Board will ensure adequate appropriations are made in the future.

Finding Number 2022-002 – Oversight of Police Evidence

Recommendation: Management should ensure adequate controls over seized cash and evidence are implemented and perform monitoring procedures on a regular basis to ensure controls are being maintained. Evidence should be logged, labeled and secured in a timely manner, seized cash should be deposited within three days and regular inventories of evidence should be prepared and compared to evidence logs. Access to seized property and evidence should be limited to necessary individuals.

Management Response: We concur. We have implemented the following controls over seized property and evidence. Evidence is being logged, labeled and secured in a timely manner. Seized cash is deposited within three days. Evidence inventories are prepared regularly and compared to the evidence log. The only individuals that have access to the seized property and evidence are the Police Chief and Evidence Lieutenant.

Finding Number 2022-003 – Oversight of Police Drug Fund

Recommendation: Management should provide better oversight over the police drug funds. Pursuant to TCA 39-17-420, sources of drug fund revenue are to be derived from fines, forfeited cash, and proceeds from the sale of forfeited property, donations and appropriations. TCA 39-17-420 requires that the drug fund may only be used for local drug enforcement programs, local drug education programs, local drug treatment programs and nonrecurring general law enforcement expenditures.

Management Response: We concur. Funds from the sale of LESO equipment is now deposited into the general fund. Expenditures from the drug fund include only those items allowed by TCA 39-17-420.

Questions concerning the information provided in this corrective action plan or requests for additional information should be addressed to City of Livingston, Tennessee.

Curtis Hayes, Mayor
Town of Livingston, Tennessee
301 McHenry Circle
Livingston, TN 38570
Telephone 931-823-1269
mayor@cityoflivingston.net

Signature: William Curtis Hayes, Jr.

Title: Mayor