

TOWN OF LIVONIA, LOUISIANA

FINANCIAL STATEMENTS

December 31, 2020

TOWN OF LIVONIA, LOUISIANA

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the **TOWN OF LIVONIA, LOUISIANA (TOWN)** as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison and pension plan information on pages 3 through 11 and Exhibits B through B-4 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The supplementary information in Exhibits C and D are presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information in Exhibit C and D are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information in Exhibit C and D are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2021 on our consideration of the **TOWN OF LIVONIA, LOUISIANA's** internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

Faulk & Winkler, LLC
Certified Public Accountants

Baton Rouge, Louisiana
June 25, 2021

TOWN OF LIVONIA, LOUISIANA

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our analysis of The Town of Livonia's (Town) financial performance provides an overview of the Town's financial activities for the year ended December 31, 2020. The Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes, and currently known facts. This MD&A should be read in conjunction with the financial statements which begin on Exhibit A.

FINANCIAL HIGHLIGHTS

In 2020, the Town of Livonia experienced a increase in governmental revenues by 16% relative to the prior year, while governmental expenses decreased by \$56,439, or 4%, compared to the prior year. The utility fund revenues increased 5% from the prior year due to a increase in the amount of capital grants received.

The major financial highlights for 2020 are as follows:

Government-wide financial statements

- Assets and deferred outflows of resources of the Town's primary government exceeded its liabilities and deferred inflows of resources at the close of the year by \$3.96 million (net position). Of this amount, \$617,800 (unrestricted net position) may be used without restrictions to meet the Town's ongoing obligations to citizens.
- The primary government's total net position increased by \$6,290 during 2020.
- Governmental activities' net position increased by \$99,825.
- Business-type activities' net position decreased by \$93,535.

General Fund financial statements

- As of the end of the year, governmental funds reported a fund balance of \$1.6 million, a increase of \$446,279 in comparison to the prior year. Approximately 48% of the fund balance (\$772,500) is assigned for purposes relating to recreation, municipal complex construction, and general governmental operations.

Significant aspects of the Town's financial well being, as of and for the year ended December 31, 2020, are detailed throughout this analysis.

USING THIS ANNUAL REPORT

The Town's financial statements focus on the government as a whole and on major individual funds. Both government-wide and fund perspectives allow the reader to address relevant questions, broaden a basis for comparison from year to year, and enhance the Town's accountability.

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 12 and 13) provide information about the activities of the Town as a whole and present a longer-term view of the Town's finances.

Fund financial statements start on page 14. For governmental activities, these statements depict how services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Town's operations in more detail than the government-wide statements by providing information about the Town's most significant funds.

The Town's auditor has provided assurance in their independent auditors' report, located immediately preceding this MD&A, that the financial statements are fairly presented in all material respects. Varying degrees of assurance are being provided by the auditor regarding the Required Supplementary Information. A user of this report should read the independent auditors' report carefully to ascertain the level of assurance being provided for each part of this report.

Reporting on the Town as a Whole

The financial statements of the Town as a whole begin on page 12. The Statement of Net Position and the Statement of Activities report information about the Town as a whole and its activities in a way to determine if the Town is in better condition, compared to the prior year. These statements include all assets and deferred outflows of resources and liabilities and deferred inflows of resources using the accrual basis of accounting, which is similar to accounting methods used by most private-sector companies. All of the current year's revenues and expenses are reported regardless of when cash is received or paid. Thus, revenues and expenses are reported in these statements for some items that will only result in cash flows in future fiscal periods.

These two statements report the Town's net position and related changes. The Town's financial health, or financial position, can be measured by its net position—the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Over time, increases or decreases in the Town's net position are one indicator of whether its financial health is improving or deteriorating.

In the Statement of Net Position and the Statement of Activities, the Town's operations are divided into two kinds of activities:

Governmental activities - Most of the Town's basic services are reported here, including public safety, highway and streets, culture and recreation, and general administration. Property and sales taxes, franchise fees and fines finance most of these activities.

Business-type activities - The Town charges a fee to customers to fund the cost of the gas, water, and sewer services it provides.

At December 31, 2020, the Town's net position was \$3.96 million, of which \$600,354 is unrestricted and \$3.07 million was the net investment in capital assets. Restricted net position is reported separately to show legal constraints from legislation that limits the Town's ability to use that net position for day-to-day operations. Restricted net position as of December 31, 2020 was \$292,868 and is restricted to meet debt service requirements.

The analysis of the primary government focuses on the net position and change in net position of the Town's governmental activities and business-type activities is as follows:

Town of Livonia, Louisiana						
Statements of Net Position						
December 31, 2020 and 2019						
(in thousands)						
	Governmental Activities		Business-Type Activities		Total Primary Government	
	(restated)				(restated)	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 1,680	\$ 1,401	\$ 448	\$ 490	\$ 2,128	\$ 1,891
Capital assets	<u>1,394</u>	<u>1,473</u>	<u>4,274</u>	<u>4,541</u>	<u>5,668</u>	<u>6,014</u>
Total assets	3,074	2,874	4,722	5,031	7,796	7,905
Deferred outflows of resources	<u>276</u>	<u>374</u>	<u>-</u>	<u>-</u>	<u>276</u>	<u>374</u>
Total assets & deferred outflows of resources	<u>\$ 3,350</u>	<u>\$ 3,248</u>	<u>\$ 4,722</u>	<u>\$ 5,031</u>	<u>\$ 8,072</u>	<u>\$ 8,279</u>
Current and other liabilities	\$ 76	\$ 157	\$ 146	\$ 173	\$ 222	\$ 330
Long-term liabilities	<u>1,210</u>	<u>1,166</u>	<u>2,605</u>	<u>2,793</u>	<u>3,815</u>	<u>3,959</u>
Total liabilities	<u>1,286</u>	<u>1,323</u>	<u>2,751</u>	<u>2,966</u>	<u>4,037</u>	<u>4,289</u>
Deferred inflows of resources	<u>79</u>	<u>40</u>	<u>-</u>	<u>-</u>	<u>79</u>	<u>40</u>
Net position:						
Net investment in capital assets	1,367	1,387	1,669	1,748	3,036	3,135
Restricted	-	-	293	285	293	285
Unrestricted	<u>618</u>	<u>498</u>	<u>9</u>	<u>32</u>	<u>627</u>	<u>530</u>
Total net position	<u>1,985</u>	<u>1,885</u>	<u>1,971</u>	<u>2,065</u>	<u>3,956</u>	<u>3,950</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 3,350</u>	<u>\$ 3,248</u>	<u>\$ 4,722</u>	<u>\$ 5,031</u>	<u>\$ 8,072</u>	<u>\$ 8,279</u>

Net position of the Town's governmental activities increased by 1% or \$100,000 during 2020. Unrestricted net position represents the part of net position that can be used to finance day-to-day operations without constraints established by legislation or other legal requirements. The \$617,800 in unrestricted net position of governmental activities represents the cumulative results of operations since the Town's inception.

The changes in net position are discussed later in this analysis. The net position of the Town's business activities decreased by 5% or \$94,000 during 2020. The Town operates gas, water, and sewer services for its citizens.

The results of 2020 and 2019 operations for the primary government as reported in the Statement of Activities, are as follows:

Town of Livonia Statements of Activities For the years ended December 31, 2020 and 2019 (in thousands)						
	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program:						
Charges for services	\$ 627	\$ 631	\$ 562	\$ 567	\$ 1,189	\$ 1,198
Operating grants	198	42	-	-	198	42
Capital grants	58	87	36	2	94	89
General:						
Sales taxes	390	321	-	-	390	321
Video poker taxes	169	160	-	-	169	160
Franchise taxes	82	81	-	-	82	81
Ad valorem taxes	50	47	-	-	50	47
Other	27	64	-	-	27	64
Total revenues	<u>1,601</u>	<u>1,433</u>	<u>598</u>	<u>569</u>	<u>2,199</u>	<u>2,002</u>
Functions/Program Expenses:						
General government	190	195	-	-	190	195
Public safety	914	952	-	-	914	952
Highway and streets	207	218	-	-	207	218
Health and welfare	1	1	-	-	1	1
Culture and recreation	64	68	-	-	64	68
Utility operations	-	-	817	827	817	827
Total expenses	<u>1,376</u>	<u>1,434</u>	<u>817</u>	<u>827</u>	<u>2,193</u>	<u>2,261</u>
Changes in net position before transfers	225	(1)	(219)	(258)	6	(259)
Transfers	<u>(125)</u>	<u>(144)</u>	<u>125</u>	<u>144</u>	<u>-</u>	<u>-</u>
Change in net position	100	(145)	(94)	(114)	6	(259)
Beginning net position, restated	<u>1,885</u>	<u>2,030</u>	<u>2,065</u>	<u>2,179</u>	<u>3,950</u>	<u>4,209</u>
Ending net position	<u>\$ 1,985</u>	<u>\$ 1,885</u>	<u>\$ 1,971</u>	<u>\$ 2,065</u>	<u>\$ 3,956</u>	<u>\$ 3,950</u>

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. Traditional users of governmental financial statements will find the fund financial statement presentation more familiar. The focus is on major funds, rather than generic fund types.

Reporting the Town's Most Significant Funds

The analysis of the Town's major funds begins on page 14 with the fund financial statements that provide detailed information about the most significant funds—not the Town as a whole. Some funds are required to be established by State law or by bond covenants. However, the Town Council establishes other funds to control and manage money for particular purposes or meeting legal responsibilities for using certain taxes, grants, and other money. The Town's two kinds of funds—governmental and proprietary—use different accounting approaches.

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 balances of spendable resources available at the end of the fiscal year. Most of the Town's basic services are reported in governmental funds. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Town's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and the governmental fund, the General Fund, is described in a reconciliation to the financial statements. The governmental major fund (Exhibits A-2 and A-4) presentation is presented using modified accrual basis and focuses on the major funds of the Town. The Town's only governmental fund is the General Fund.

Proprietary funds - When the Town charges customers for the services it provides—whether to outside customers or to other units of the Town—these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the Town's enterprise fund (Public Utility Fund) is the same as the business-type activities reported in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds.

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. The notes to the financial statements are a required part of the basic financial statements and can be found in Exhibit A-9.

Other information - In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning original and final budgetary comparisons to actual results for the year for the Town's budgetary funds.

Financial Analysis of the Government's Funds

The general government operations of the Town are accounted for in the General Fund. The focus of this fund, as noted earlier, is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. The following is a summary of general governmental operations for 2020 and 2019:

	General Fund	
	2020	2019
	(in thousands)	
Revenues and other financing sources	\$ 1,686	\$ 1,321
Expenditures and other financing uses	1,240	1,571
Net change in fund balance	446	(250)
Fund balance - beginning, restated	1,158	1,408
Fund balance - ending	\$ 1,604	\$ 1,158

The Town's General Fund experienced a increase in fund balance of \$446,000 during 2020 that primarily resulted from increase intergovernmental revenues compared to the prior year. At year end, the fund's balance was \$1.6 million, of which \$825,000 was unassigned and available for utilization at the Town's discretion.

General Fund revenues, excluding other financing sources, are summarized below:

	2020		2019	
	(In thousands)			
Taxes	\$ 695	42%	\$ 612	47%
Fines	525	31%	527	40%
Licenses and permits	89	5%	82	6%
Intergovernmental	343	21%	42	3%
Other	21	1%	52	4%
Total	\$ 1,673	100%	\$ 1,315	100%

Revenues of the General Fund for 2020 totaled approximately \$1.67 million, representing a increase of 27% from the previous year due to a \$301,000 increase in governmental revenues.

As noted on the previous page, the Town's activities are largely supported by fines and taxes, which represented 73% of total governmental resources during 2020.

Expenditures of the primary government decreased by \$312,000 or 22% in 2020, primarily related to a decrease in public safety (\$180,000) and capital outlay (\$106,000) expenditures. Governmental expenditures by functions are summarized as follows:

<u>Function</u>	2020		(restated) 2019	
	(In thousands)			
General government	\$ 177	16%	\$ 182	13%
Public safety	677	61%	857	60%
Highways and streets	175	16%	193	14%
Culture and recreation	20	2%	23	2%
Health and welfare	1	1%	1	1%
Capital outlay	65	4%	171	10%
Total	<u>\$ 1,115</u>	<u>100%</u>	<u>\$ 1,427</u>	<u>100%</u>

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the Town's General Fund budget was amended which is a customary practice of the Town for changes that occur with financial matters. The most significant changes during 2020 were as follows:

- A decrease in fines revenue of \$25,000,
- An decrease in public safety expenditures of \$30,000,
- A decrease in general government expenditures of \$13,000,
- A decrease in highways and streets of \$12,000.

With these adjustments, revenues were \$154,000 more than the related final budget amounts of \$1.5 million, and charges to appropriations (expenditures) were \$4,000 less than the related final budget appropriation of \$1.1 million.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2020, the Town had \$5.7 million invested in a broad range of capital assets, including vehicles, computer equipment, office furniture, land, buildings, water and gas distribution systems, and a sewer treatment facility.

	Governmental Activities		Business-Type Activities		Totals	
	(Restated)				(Restated)	
	2020	2019	2020	2019	2020	2019
(in thousands)						
Land	\$ 131	\$ 131	\$ 36	\$ 36	\$ 167	\$ 167
Construction in process	-	86	-	-	-	86
Buildings	472	493	60	59	532	552
Infrastructure	536	464	-	-	536	464
Furniture and equipment	95	122	124	140	219	262
Vehicles	78	115	11	14	89	129
Tractors	82	62	-	-	82	62
Utility systems	-	-	4,043	4,292	4,043	4,292
Capital assets, net of depreciation	<u>\$ 1,394</u>	<u>\$ 1,473</u>	<u>\$ 4,274</u>	<u>\$ 4,541</u>	<u>\$ 5,668</u>	<u>\$ 6,014</u>

The Town elected to capitalize infrastructure assets on a prospective basis as a Phase 3 government, which is permitted by GASB No. 34. More detailed information about the Town's capital assets is presented in Note 6 to the financial statements.

Long-term Debt

At the end of 2020, the Town had \$3.8 million in long-term debt outstanding related to the sewer construction project and net pension liability. This represents a decrease of \$144,000 from 2019, as shown below:

	Balance Beginning of Year	Additions	Reductions	Balance end of Year	Amount due within one year
Public improvement revenue bonds	\$ 2,793,151	\$ -	\$ 188,000	\$ 2,605,151	\$ 190,000
Net pension liability	<u>1,166,441</u>	<u>43,630</u>	<u>-</u>	<u>1,210,071</u>	<u>-</u>
	<u>\$ 3,959,592</u>	<u>\$ 43,630</u>	<u>\$ 188,000</u>	<u>\$ 3,815,222</u>	<u>\$ 190,000</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The Town's elected and appointed officials considered many factors when setting the 2020 budget and tax rates. One of those factors is the local economy, with the major economic industries in the surrounding area being agriculture and manufacturing.

An important factor affecting the budget is the Town's sales taxes and fines and forfeitures revenues which approximate 65% of budgeted revenue in the General Fund. The Town budgeted a decrease in revenue of \$318,000 in the General Fund compared to results for the current year. The decrease relates to revenue to be received from intergovernmental grants. Additionally, the Town is projecting a decrease in expenditures of \$14,000 compared to the current year relating to a decrease in salaries and benefits expenditures in the General Fund. If these estimates are realized during 2021, the Town's General Fund balance will increase by \$106,000 compared to an increase of \$446,000 during 2020.

Contacting the Town's Financial Management

This financial report is designed to provide the citizens, taxpayers, customers, investors and creditors with a general overview of the Town's finances and to show accountability for the money the Town receives. Questions about this report or a need for additional financial information should be directed to the Town's Finance Office at (225) 637-2981 or P.O. Box 307, Livonia, LA 70755.

BASIC FINANCIAL STATEMENTS

TOWN OF LIVONIA, LOUISIANA
STATEMENT OF NET POSITION

December 31, 2020

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 1,504,828	\$ 52,495	\$ 1,557,323
Accounts receivable, net	75,732	61,446	137,178
Due from other governments	42,642	2,599	45,241
Internal balances	50,000	(50,000)	-
Prepaid assets	6,390	4,735	11,125
Restricted assets:			
Customer utility deposits	-	83,855	83,855
Debt service	-	292,868	292,868
Capital assets:			
Nondepreciable	130,537	36,073	166,610
Depreciable, net	1,263,318	4,238,211	5,501,529
Total assets	3,073,447	4,722,282	7,795,729
DEFERRED OUTFLOWS OF RESOURCES			
Pension liability	275,870	-	275,870
Total assets and deferred outflows of resources	\$ 3,349,317	\$ 4,722,282	\$ 8,071,599
LIABILITIES			
Accounts payable and accrued liabilities	\$ 29,016	\$ 62,099	\$ 91,115
Contract payable	26,962	-	26,962
Due to other governments	19,696	-	19,696
Customer utility deposits	-	83,555	83,555
Long-term payables:			
Due within one year	-	190,000	190,000
Due in more than one year	-	2,415,151	2,415,151
Net pension liability	1,210,071	-	1,210,071
Total liabilities	1,285,745	2,750,805	4,036,550
DEFERRED INFLOWS OF RESOURCES			
Pension liability	78,839	-	78,839
Total liabilities and deferred inflows of resources	1,364,584	2,750,805	4,115,389
NET POSITION			
Net investment in capital assets	1,366,893	1,669,133	3,036,026
Restricted for debt service	-	292,868	292,868
Unrestricted	617,840	9,476	627,316
Total net position	1,984,733	1,971,477	3,956,210
Total liabilities, deferred inflows of resources, and net position	\$ 3,349,317	\$ 4,722,282	\$ 8,071,599

Notes on Exhibit A-9 are an integral part of this statement.

TOWN OF LIVONIA, LOUISIANA
STATEMENT OF ACTIVITIES

For the year ended December 31, 2020

Functions/Programs	Program Revenues				Net Revenue (Expenses) and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 190,086	\$ 98,017	\$ -	\$ 31,462	\$ (60,607)	\$ -	\$ (60,607)
Public safety	913,619	524,498	198,001	-	(191,120)	-	(191,120)
Highway and streets	208,681	-	-	26,962	(181,719)	-	(181,719)
Health and welfare	370	1,223	-	-	853	-	853
Culture and recreation	63,827	3,350	-	-	(60,477)	-	(60,477)
Total governmental activities	1,376,583	627,088	198,001	58,424	(493,070)	-	(493,070)
Business-type activities:							
Utility operations	816,122	561,789	-	35,998	-	(218,335)	(218,335)
Total primary government	\$ 2,192,705	\$ 1,188,877	\$ 198,001	\$ 94,422	(493,070)	(218,335)	(711,405)
General revenues:							
Taxes:							
Sales					390,450	-	390,450
Video poker					168,801	-	168,801
Franchise					81,597	-	81,597
Ad valorem					50,269	-	50,269
Beer					4,006	-	4,006
Grants and contributions not restricted to specific programs					2,096	-	2,096
Investment earnings					7,476	-	7,476
Gain on disposal of capital assets					13,000	-	13,000
Transfers					(124,800)	124,800	-
Total general revenues					592,895	124,800	717,695
Change in net position					99,825	(93,535)	6,290
Net position - beginning of year, as restated					1,884,908	2,065,012	3,949,920
Net position - end of year					\$ 1,984,733	\$ 1,971,477	\$ 3,956,210

Notes on Exhibit A-9 are an integral part of this statement.

TOWN OF LIVONIA, LOUISIANA

BALANCE SHEET GOVERNMENTAL FUND

December 31, 2020

	<u>General Fund</u>
ASSETS	
Cash and cash equivalents	\$ 1,504,828
Accounts receivable, net	75,732
Due from other governments	42,642
Due from Public Utility Fund	50,000
Prepaid assets	<u>6,390</u>
Total assets	<u><u>\$ 1,679,592</u></u>
LIABILITIES	
Accounts payable and accrued liabilities	\$ 29,016
Contract payable	26,962
Due to other governments	<u>19,696</u>
Total liabilities	<u>75,674</u>
FUND BALANCE	
Non-spendable	6,390
Assigned	772,493
Unassigned	<u>825,035</u>
Total fund balance	<u>1,603,918</u>
Total liabilities, deferred inflows of resources, and fund balance	<u><u>\$ 1,679,592</u></u>

Notes on Exhibit A-9 are an integral part of this statement.

TOWN OF LIVONIA, LOUISIANA

**RECONCILIATION OF THE GOVERNMENTAL FUND
BALANCE SHEET TO THE STATEMENT OF NET POSITION**

December 31, 2020

Total net assets reported for governmental activities in the statement of net position is different because:

Total fund balance - governmental fund (Exhibit A-2)		\$ 1,603,918
Capital assets used in governmental activities that are not financial resources and, therefore, are not reported in the governmental fund, net of accumulated depreciation.		1,393,855
Pension related obligations are not due and payable with current resources and, therefore, are not reported in governmental funds.		
Deferred outflows related to pension liability	275,870	
Deferred inflows related to pension liability	(78,839)	
Net pension liability	<u>(1,210,071)</u>	<u>(1,013,040)</u>
Net position of governmental activities (Exhibit A)		<u>\$ 1,984,733</u>

TOWN OF LIVONIA, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
GOVERNMENTAL FUND

For the year ended December 31, 2020

	General Fund
REVENUES	
Taxes:	
Sales and use	\$ 390,450
Video poker	168,801
Franchise	81,597
Ad valorem	50,269
Beer	4,006
Fines	524,498
License and permits	89,439
Intergovernmental	342,974
Charges for services	13,151
Investment income	7,476
Total revenues	1,672,661
EXPENDITURES	
Current function:	
General government	177,412
Public safety	677,152
Highways and streets	174,904
Health and welfare	370
Culture and recreation	20,034
Capital outlay	64,710
Total expenditures	1,114,582
Excess of revenues over expenditures	558,079
OTHER FINANCING SOURCES (USES)	
Proceeds from sale of capital assets	13,000
Transfers out	(124,800)
Total other financing sources (uses)	(111,800)
Net change in fund balance	446,279
FUND BALANCE	
Beginning of year, restated	1,157,639
End of year	\$ 1,603,918

Notes on Exhibit A-9 are an integral part of this statement.

TOWN OF LIVONIA, LOUISIANA

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE OF THE GOVERNMENTAL FUND TO
THE STATEMENT OF ACTIVITIES**

For the year ended December 31, 2020

The change in net position reported for governmental activities in the statement of activities is different because:

Net change in fund balance - total governmental funds (Exhibit A-4)		\$ 446,279
<p>The governmental fund reports capital outlay as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation.</p>		
Capital outlay	64,710	
Depreciation expense	<u>(144,208)</u>	(79,498)
Because some grant revenues are not collected for sixty days after year end, they are not considered "available" revenues in the governmental funds		(86,549)
Changes in net pension obligations are reported only in the Statement of Activities		<u>(180,407)</u>
Change in net position of governmental activities (Exhibit A-1)		<u>\$ 99,825</u>

Notes on Exhibit A-9 are an integral part of this statement.

TOWN OF LIVONIA, LOUISIANA
STATEMENT OF NET POSITION
PROPRIETARY FUND

December 31, 2020

	<u>Public Utility Fund</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 52,495
Accounts receivable, net	61,446
Due from other governments	2,599
Prepaid expenses	4,735
Total current assets	121,275
Restricted assets:	
Customer utility deposits	83,855
Debt service	292,868
Capital assets:	
Nondepreciable	36,073
Depreciable, net	4,238,211
Total assets	\$ 4,772,282
LIABILITIES	
Current liabilities:	
Accounts payable and accrued liabilities	\$ 62,099
Due to General Fund	50,000
Customer utility deposits	83,555
Total current liabilities	195,654
Non-current liabilities:	
Due within one year	190,000
Due in more than one year	2,415,151
Total liabilities	2,800,805
NET POSITION	
Net investment in capital assets	1,669,133
Restricted for debt service	292,868
Unrestricted	9,476
Total net position	1,971,477
Total liabilities and net position	\$ 4,772,282

Notes on Exhibit A-9 are an integral part of this statement.

TOWN OF LIVONIA, LOUISIANA
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION
PROPRIETARY FUND

For the year ended December 31, 2020

	<u>Public Utility Fund</u>
OPERATING REVENUES	
Charges for services:	
Natural gas	177,773
Sewer	176,837
Water	\$ 176,621
Other	<u>30,558</u>
Total operating revenues	<u>561,789</u>
OPERATING EXPENSES	
Depreciation	307,288
Personnel	233,747
Maintenance and supplies	106,333
General and administrative	38,151
Natural gas purchases	36,747
Utilities	42,127
Insurance	27,322
Professional services	<u>12,261</u>
Total operating expenses	<u>803,976</u>
Operating loss	(242,187)
NONOPERATING EXPENSE	
Interest	<u>(12,146)</u>
Deficiency before capital grants and contributions and transfers	(254,333)
Capital grants and contributions	35,998
Transfers in	<u>124,800</u>
Change in net position	(93,535)
NET POSITION	
Beginning of year	<u>2,065,012</u>
End of year	<u><u>\$ 1,971,477</u></u>

Notes on Exhibit A-9 are an integral part of this statement.

TOWN OF LIVONIA, LOUISIANA

**PROPRIETARY FUND
STATEMENT OF CASH FLOWS**

For the year ended December 31, 2020

	<u>Public Utility Fund</u>
CASH FLOW FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 559,419
Payments to suppliers	(244,574)
Payments to employees	<u>(233,747)</u>
Net cash provided by operating activities	<u>81,098</u>
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES	
Transfers in from other funds	<u>124,800</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchases of capital assets	(40,102)
Principal payment on bonds	(188,000)
Interest payments on bonds	(12,146)
Capital grants and contributions	<u>35,998</u>
Net cash used for capital and related financing activities	<u>(204,250)</u>
Net increase in cash	1,648
CASH	
Beginning of period	<u>427,570</u>
End of period	<u>\$ 429,218</u>
RECONCILIATION OF CASH	
Cash and cash equivalents	52,495
Restricted cash and cash equivalents	<u>376,723</u>
Total cash	<u>\$ 429,218</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating loss	\$ (242,187)
Adjustments for to reconcile operating loss to net cash provided by operating activities:	
Depreciation	307,288
Change in operating assets and liabilities:	
Accounts receivable and other assets	(1,360)
Accounts payable and accrued liabilities	<u>17,357</u>
Net cash provided by operating activities	<u>\$ 81,098</u>

Notes on Exhibit A-9 are an integral part of this statement.

TOWN OF LIVONIA, LOUISIANA**NOTES TO FINANCIAL STATEMENTS****NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****Statement Presentation**

The Town of Livonia was established in 1846, incorporated in 1960 and is a political subdivision of the State of Louisiana. The Town, under the provisions of the Lawrason Act, enacts ordinances, sets policy and establishes programs in such fields as public safety, public works, health and welfare, culture and recreation, and utility operations.

The financial statements of the Town of Livonia, Louisiana (Town) have been prepared in conformity with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The most significant accounting policies established in GAAP and used by the Town are described below. The Town follows GASB Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*. Certain significant components in the Statement include the following:

- A Management Discussion and Analysis (MD&A) section providing an analysis of the Town’s overall financial position and results of operations,
- Financial statements prepared using accrual basis accounting for all of the Town’s activities, including infrastructure (roads, bridges, etc.), and
- Fund financial statements to focus on the major funds.

Reporting Entity

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

GASB Statement No. 14, as amended by GASB Statement No. 61, established criteria for determining which component units should be considered part of the Town for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability.

(continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reporting Entity (Continued)

The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

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

As required by generally accepted accounting principles, these financial statements present the Town and, where applicable, its component units. However, there are no component units to be included either blended within the Town's funds or discretely presented in these financial statements.

Basis of Presentation

The Town's basic financial statements consist of the government-wide statements of the primary government and the fund financial statements (individual major funds). The Town's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America and applied to governmental units.

Government-wide Financial Statements

The government-wide financial statements include the Statement of Net Position and the Statement of Activities for all non-fiduciary activities of the Town. As a general rule, the effect of interfund activity has been removed from these statements. The government-wide presentation focuses primarily on the sustainability of the government as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. These statements distinguish between the governmental and business-type activities of the Town.

Governmental activities generally are financed through taxes, intergovernmental revenues, fines, charges for services, and other nonexchange revenues.

Business type activities are financed in whole or in part by fees charged to external parties for utility services provided. The Town's natural gas, sewer, and water services are classified as business-type activities.

(continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-wide Financial Statements (Continued)

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

Fund Financial Statements

The fund financial statements are very similar to the traditional government fund statements as prepared by governments prior to the issuance of GASB No. 34. Emphasis is now on the major funds in either the governmental or business-type categories. Non-major funds (by category) or fund type are summarized into a single column in the basic financial statements. The Town does not have any non-major funds in 2020.

The daily operations of the Town continue to be organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues and expenditures or expenses, as appropriate. Funds are organized into three major categories: governmental, proprietary and fiduciary. The Town does not have any fiduciary funds. An emphasis is placed on major funds within the governmental and proprietary categories.

A fund is considered major if it is the primary operating fund of the Town (the General Fund) or meets the following criteria:

- Total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses of that individual governmental fund or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- Total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses of that individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

(continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Financial Statements (Continued)

Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be expended and the means by which spending activities are controlled. The various funds of the primary government presented in the financial statements are described as follows:

Governmental Fund Types

Governmental funds are those through which most governmental functions of the Town are financed. The acquisition, use, and balances of expendable financial resources and related liabilities of the Town are accounted for through governmental funds. Measurement is focused upon determining changes in financial position, rather than net income.

General 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 General Fund is always a major fund.

Proprietary Fund Types

Enterprise Funds – Enterprise funds are used to account for operations (1) that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs and expenses, including depreciation, of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (2) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or changes in net position is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. Proprietary funds distinguish operating revenues and expenses from nonoperating items.

Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. The Town considers the Public Utilities Fund a major enterprise fund.

(continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting and Measurement Focus

Government-wide financial statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized in the year for which they are levied. Program revenues for governmental activities include operating and capital grants, traffic fines, and occupational licenses and permits.

Fund financial statements

All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included in the balance sheet. Operating statements of these funds present increases (revenues and other financing sources) and decreases (expenditures and other uses) in fund balance. Governmental funds are maintained on the modified accrual basis of accounting. Governmental fund revenues resulting from exchange transactions are recognized in the fiscal year in which the exchange takes place and meets the government's availability criteria (susceptible to accrual). "Available" means collectible within the current period or within 60 days after year-end. Charges for services, fines and forfeitures, and most governmental revenues, are recorded as earned since they are measurable and available.

Nonexchange transactions, in which the Town receives value without directly giving value in return, includes sales tax, ad valorem tax, and intergovernmental grants. Ad valorem taxes are recorded in the year the taxes are assessed. Ad valorem taxes are assessed on a calendar year basis, become due on November 15th of each year, and become delinquent after December 31st. The taxes are generally collected in December of the current year and January and February of the following year.

Sales taxes are recorded when in the possession of the intermediary collecting agent and are recognized as revenue at that time and are subject to the availability criteria. Grants are recorded as revenue when the Town is entitled to the funds, generally corresponding to when grant related costs are incurred by the Town, but subject to the availability criteria.

Expenditures are recognized in the accounting period in which the related fund liability is incurred, if measurable, except for (1) unmatured interest on general long-term debt which is recognized when due, and (2) claims and judgments, and compensated absences which are recorded as expenditures in the governmental fund type when paid with expendable financial resources. Allocations of costs such as depreciation and amortization are not recognized in the governmental funds.

(continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting and Measurement Focus (Continued)

Fund financial statements (Continued)

All proprietary funds are accounted for on a flow of economic resources measurement focus. Proprietary funds are maintained on the accrual basis of accounting whereas revenues are recognized in the accounting period in which they are earned and become measurable, and expenses are recognized in the period incurred, if measurable.

Cash and Cash Equivalents

Cash and cash equivalents for the Town include the Louisiana Asset Management Pool (LAMP) account deposits as well as the Town's operating cash accounts.

The investment policy of the Town is governed by state statutes that include depository and custodial contract provisions. The Town invests funds in accordance with L.R.S. 39:1211-1245 and 33:2955 which include, but are not limited to, United States Treasury Bonds, Treasury Notes, Treasury Bills, and fully collateralized interest bearing checking accounts and certificates of deposit. Other provisions require depositories to insure or collateralize all deposits in accordance with state law and require securities collateralizing deposits to be held by an independent third party with whom the Town has a custodial agreement. The Town primarily utilizes the LAMP to invest idle funds.

For purposes of the Statement of Cash Flows, liquid investments of the enterprise fund with a maturity of three months or less are considered to be cash equivalents.

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. See Note 2.

Accounts Receivable

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. In government activities and business-type activities, uncollectible amounts due from utility billing receivables are recognized as bad debts through the use of an allowance account or are directly charged off at the time information becomes available which indicates that the particular receivable is not collectible. An allowance for doubtful accounts of \$4,005 and \$12,000 in the General Fund and Utility Fund, respectively, was recorded at December 31, 2020.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interfund Receivables/Payables

During the course of operations, transactions may occur between individual funds. Those related to short-term borrowings are classified as “due from other funds” or “due to other funds” on the balance sheet. Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.” The Public Utility Fund owed the General Fund \$50,000 at December 31, 2020.

Capital Assets

The accounting treatment of property, plant, and equipment (capital assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Government-wide Statements

In the government-wide financial statements, all capital assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation. Major capital outlays for capital assets and improvements are capitalized at the completion of construction projects.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are expensed. Major outlays for capital assets and improvements are capitalized at completion of construction projects.

Prior to the implementation of GASB No. 34, governmental fund’s infrastructure assets were not capitalized. The Town has elected to capitalize infrastructure expenditures on a prospective basis.

(continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued)

Government-wide Statements (Continued)

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings and improvements	7 - 40 years
Infrastructure	15 - 40 years
Furniture and equipment	5 - 10 years
Vehicles	5 - 10 years
Tractors	5 - 10 years

Fund Financial Statements

In the fund financial statements capital assets used in governmental fund operations are recorded as capital outlay expenditures of the governmental fund types when purchased. Capital assets used in proprietary fund operations are accounted for in the same manner as in government-wide statements.

Property, plant and equipment used by the proprietary funds are stated at cost. Interest costs incurred during construction periods are capitalized. Depreciation has been provided over the estimated useful lives of the assets using the straight-line method. The estimated useful lives are as follows:

Buildings and improvements	7 - 40 years
Utility systems	5 - 50 years
Machinery and equipment	3 - 10 years
Furniture and equipment	10 years
Vehicles	5 years

Compensated Absences

The Town has the following policy relating to compensated absences:

<u>Length of Service</u>	<u>Annual Earned Hourly Allowance</u>
Less than 1 year	80
1 - 4 years	160
5 - 8 years	200
9 - 14 years	240
15+ years	280

An employee may not carry over more than 264 hours of compensated absences from one calendar year to another. A liability has been accrued in the fund financial statements for compensated absences as the Town anticipates that all compensated absence hours will be utilized in the subsequent year.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-wide and Proprietary Fund Net Position

Government-wide and proprietary fund net position is divided into three components:

- Net investment in capital assets – consist of the historical cost of capital assets less accumulated depreciation and related debt that was used to acquire those assets.
- Restricted net position – consist of net position that is restricted by the Town’s creditors (for example, through debt covenants), by the state enabling legislation (through restrictions on shared revenues), by grantors (both federal and state), and by other contributors.
- Unrestricted – all other net position is reported in this category.

Governmental Fund Balances

In the governmental fund financial statements, fund balances are classified as follows:

- Nonspendable – amounts that cannot be spent because they are either in a nonspendable form or they are legally or contractually required to be maintained intact.
- Restricted – amounts that can be spent only for specific purposes because of the Town Code, state or federal laws, or externally imposed conditions by grantors or creditors.
- Committed – amounts that can be used only for specific purposes determined by a formal action by Town council ordinance.
- Assigned – amounts that are designated by the Mayor for a particular purpose but are not spendable until a budget ordinance is passed or there is a majority vote approval (for capital projects or debt service) by Town Council.
- Unassigned – all amounts not included in other spendable classifications.

Use of Restricted Resources

When an expense is incurred in governmental funds that can be paid using either restricted or unrestricted resources (fund balance), the Town’s policy is to apply the expenditure in the following priority:

1. Restricted fund balance,
2. Committed fund balance,
3. Assigned fund balance, and
4. Unassigned fund balance.

When an expense is incurred in government activities that can be paid using either restricted or unrestricted resources (net position), the Town’s policy is to first apply the expense to the restricted net position before unrestricted net position is utilized.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interfund Transfers

Advances between funds which are not expected to be repaid are accounted for as transfers.

In cases where repayment is expected, the advances are accounted through the various interfund accounts. The General Fund transferred \$124,800 to the Utility Fund to assist in funding debt service requirements.

Budget Policy and Budgetary Accounting

A proposed budget is prepared and submitted to the Mayor and Town Council prior to the beginning of each fiscal year. A budget summary and notice of a public hearing is published with the public hearing being conducted prior to the commencement of the budget year.

The annual operating budget, prepared on the modified accrual basis, covers the General Fund and Public Utility Fund. At the end of the fiscal year, unexpended appropriations automatically lapse. Budget amendments are approved by the Town Council and are included in the financial statements.

In connection with budget preparation, a portion of the unassigned fund balance of an individual fund may be designated for expenditures of the subsequent year. Such designation represents the extent to which the fund balance is used to balance the subsequent year's operating budget of that fund, as reflected in the legally adopted budget.

Sales and Use Tax

The Town has a permanent one cent sales and use tax that is available for general purposes.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosures of contingent assets and liabilities at the date of the financial statements. They may also affect the reported amounts of revenues and expenses of proprietary funds and the government-wide financial statements during the reporting period. Actual results could differ from those estimates. Estimates are used primarily when accounting for the allowance for uncollectible accounts and depreciation.

Subsequent Events

In preparing these financial statements, the Town has evaluated events and transactions for potential recognition or disclosure through June 25, 2021, which was the date the financial statements were available to be issued.

NOTE 2 - CASH AND INVESTMENTS

The Town may invest in United States bonds, treasury notes, or certificates of deposit of state banks organized under the laws of Louisiana and national banks having their principal office in the State of Louisiana or other qualifying federally insured investments.

Custodial credit risk is the risk that in the event of a financial institution failure, the Town's deposits may not be returned to them. To mitigate this risk, state law requires public deposits to be secured by federal deposit insurance or the pledge of qualified securities owned by the fiscal agent financial institution. As of December 31, 2020, the Town had no unsecured deposits.

As of December 31, 2020, the Town had a balance of \$1,534,385 invested in LAMP.

LAMP is administered by a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pools of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LA – R.S. 33:2955. The value of the portfolio is carried at amortized cost.

GASB Statement No. 40, *Deposit and Investment Risk Disclosure*, requires disclosure of credit risk, custodial credit risk, concentration of credit risk, interest rate risk, and foreign currency risk for all public investments.

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

- Credit risk: LAMP is rated AAA by Standard & Poor's.
- Custodial risk: LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.
- Concentration of credit risk: Pooled investments are excluded from the 5 percent disclosure requirement.
- Interest rate risk: LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate risk disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 90 days, and consists of no securities with maturity in excess of 397 days or 762 days for U.S. Government floating/variable rate investments. The WAM for LAMP's total investments is 88 days as of December 31, 2020.
- Foreign currency risk: Not applicable.

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

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

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

The government's investments are categorized as either (1) insured or registered for which the securities are held by the government or its agent in the government's name, (2) uninsured and unregistered for which the securities are held by the broker's or dealer's trust department or agent in the government's name, or (3) uninsured and unregistered for which securities are held by the broker or dealer, or by its trust department or agent but not in the government's name. Cash and cash equivalents consisted of the following as of December 31, 2020:

Unrestricted:

Investments in LAMP	\$ 1,251,917
Deposits	305,206
Cash on hand	200
Total unrestricted	\$ 1,557,323

Restricted:

Investments in LAMP	\$ 187,777
Deposits	188,946
Total restricted	\$ 376,723

NOTE 3 - CONCENTRATION OF CREDIT RISK - ENTERPRISE FUND

Accounts receivable and related user fees from utility customers were comprised largely of residents in the Town. Most customers have made deposits to partially secure their outstanding balance. In 2020, one commercial customer represented approximately 30% of total water revenues for the Town.

NOTE 4 - ACCOUNTS RECEIVABLE AND DUE FROM OTHER GOVERNMENTS

Accounts receivable at December 31, 2020 for the primary government, were as follows:

Primary Government

Utility charges, net	\$ 61,446
Ad valorem taxes	49,445
Franchise taxes	19,577
Other, net	6,710
Total primary government	\$ 137,178

**NOTE 4 - ACCOUNTS RECEIVABLE AND DUE FROM OTHER GOVERNMENTS
(CONTINUED)**

Due from other governments at December 31, 2020 for the primary government, were:

Primary Government

Grant receivable - Gateway Enhancement Project	\$	26,962
Video poker taxes		15,680
Grants receivable - other		<u>2,599</u>
Total primary government	\$	<u>45,241</u>

NOTE 5 - AD VALOREM TAXES

The 1974 Louisiana Constitution (Article 7 Section 18) provided that land and improvements for residential purposes be assessed at 10% of fair market value; other property and electric cooperative properties, excluding land, are to be assessed at 15% of fair market value; and public service properties, excluding land, are to be assessed at 25% of fair market value.

Fair market value is determined by the elected assessor of the parish on all property subject to taxation except public service properties, which are valued by the Louisiana Tax Commission (LRS 47:1957). The correctness of assessments by the assessor is subject to review and certification by the Louisiana Tax Commission. The assessor is required to reappraise all property subject to taxation at intervals of not more than four years.

All ad valorem (property) taxes are recorded in governmental funds, and as explained in Note 1, and are recognized in the accounting period in which they become available and measurable. Property taxes are considered measurable in the calendar year of the tax levy. Accordingly, the taxes assessed for the calendar year falling within the current fiscal year are recorded as revenue. Property taxes are collected by the tax collector and remitted to the Town within the availability period, and are therefore available to liquidate liabilities of the current period.

Taxes are levied by the Town in September or October, and are billed to the taxpayers in November. Billed taxes become delinquent on December 31st. Revenues from ad valorem taxes are budgeted in the year assessed. Ad valorem taxes attach as an enforceable lien on property as of January 1st of each year.

For 2020, taxes of 4.83 mills were levied on property with assessed valuations totaling \$10,369,565 and were dedicated to general governmental operations. Total taxes levied were \$50,085.

NOTE 6 - CAPITAL ASSETS

A summary of changes in capital assets for the year ended December 31, 2020, is as follows:

	Beginning Balance, as restated	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 130,537	\$ -	\$ -	\$ 130,537
Construction in progress	<u>86,549</u>	<u>33,484</u>	<u>(120,033)</u>	<u>-</u>
Total capital assets not being depreciated	<u>217,086</u>	<u>33,484</u>	<u>(120,033)</u>	<u>130,537</u>
Capital assets being depreciated:				
Buildings and improvements	787,479	-	-	787,479
Infrastructure	893,143	120,033	-	1,013,176
Furniture and equipment	573,014	-	-	573,014
Vehicles	268,984	-	(32,547)	236,437
Tractors	<u>229,751</u>	<u>31,226</u>	<u>-</u>	<u>260,977</u>
Total capital assets being depreciated	<u>2,752,371</u>	<u>151,259</u>	<u>(32,547)</u>	<u>2,871,083</u>
Less accumulated depreciation for:				
Buildings and improvements	294,528	21,109	-	315,637
Infrastructure	428,668	47,883	-	476,551
Furniture and equipment	451,420	26,986	-	478,406
Vehicles	154,611	36,609	(32,547)	158,673
Tractors	<u>166,877</u>	<u>11,621</u>	<u>-</u>	<u>178,498</u>
Total accumulated depreciation	<u>1,496,104</u>	<u>144,208</u>	<u>(32,547)</u>	<u>1,607,765</u>
Total capital assets being depreciated, net	<u>1,256,267</u>	<u>7,051</u>	<u>-</u>	<u>1,263,318</u>
Total governmental capital assets, net	<u>\$ 1,473,353</u>	<u>\$ 40,535</u>	<u>\$ (120,033)</u>	<u>\$ 1,393,855</u>

NOTE 6 - CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to functions of the Town as follows:

Governmental activities:	Amount
Public safety	\$ 53,964
Culture and recreation	43,793
Highways and streets	33,777
General government	12,674
Total depreciation expense - governmental activities	\$ 144,208

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 36,073	\$ -	\$ -	\$ 36,073
Capital assets being depreciated:				
Buildings and improvements	117,120	4,800	-	121,920
Natural gas system	260,476	-	-	260,476
Water system	1,916,704	33,104	-	1,949,808
Sewer system	5,069,259	-	-	5,069,259
Machinery and equipment	299,118	2,198	-	301,316
Furniture and equipment	16,766	-	-	16,766
Vehicles	91,290	-	-	91,290
Capital assets being depreciated:	7,770,733	40,102	-	7,810,835
Less accumulated depreciation for:				
Buildings and improvements	58,258	3,872	-	62,130
Natural gas system	209,315	6,961	-	216,276
Water system	1,464,335	72,443	-	1,536,778
Sewer system	1,280,469	203,429	-	1,483,898
Machinery and equipment	161,501	16,608	-	178,109
Furniture and equipment	14,476	1,014	-	15,490
Vehicles	76,982	2,961	-	79,943
Total accumulated depreciation	3,265,336	307,288	-	3,572,624
Total capital assets being depreciated, net	4,505,397	(267,186)	-	4,238,211
Total business-type capital assets, net	\$ 4,541,470	\$ (267,186)	\$ -	\$ 4,274,284

Depreciation expense for business-type activities for 2020 was \$307,288.

NOTE 7 - LONG-TERM DEBT

Long-term debt obligations for the primary government at December 31, 2020, are comprised of the following:

Public Improvement Revenue Bonds – business type activities

\$3,696,000 Sewer revenue bonds dated November 1, 2012; due in annual installments of \$184,000 – \$211,000 through May 2033; interest at 0.45% \$ 2,605,151

Net pension liability – governmental activities 1,210,071

Total long-term debt for primary government \$ 3,815,222

The summary of long-term debt transactions for the primary government for the year ended December 31, 2020, is as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Amount due within one year
Public improvement revenue bonds	\$ 2,793,151	\$ -	\$ 188,000	\$ 2,605,151	\$ 190,000
Net pension liability	<u>1,166,441</u>	<u>43,630</u>	<u>-</u>	<u>1,210,071</u>	<u>-</u>
	<u>\$ 3,959,592</u>	<u>\$ 43,630</u>	<u>\$ 188,000</u>	<u>\$ 3,815,222</u>	<u>\$ 190,000</u>

Debt Service Requirements to Maturity

The annual debt service requirements to amortize outstanding long-term debt of the primary government at December 31, 2020 are as follows:

Year	Sewer Revenue Bonds			
	Principal	Interest	DEQ Fees	Total
2021	\$ 190,000	\$ 11,296	\$ 12,551	\$ 213,847
2022	191,000	10,438	11,598	213,036
2023	193,000	9,574	10,638	213,212
2024	195,000	8,701	9,667	213,368
2025 - 2029	1,002,000	30,113	33,459	1,065,572
2030 - 2033	<u>834,151</u>	<u>7,520</u>	<u>8,353</u>	<u>850,024</u>
Total	<u>\$ 2,605,151</u>	<u>\$ 77,642</u>	<u>\$ 86,266</u>	<u>\$ 2,769,059</u>

NOTE 7 - LONG-TERM DEBT (CONTINUED)

Bond Restrictions

Sewer Revenue Bond - Series 2012 - Debt Service Fund to be used for the payment of principal and interest on outstanding bonds as they are due and payable. Monthly payments are to be equal to the sum of one-sixth of interest and administrative fees falling due on the next interest payment date and one-twelfth of principal falling due on the next principal payment date. The sum of \$171,226 has been deposited for this requirement.

Sewer Revenue Bond - Series 2012 - Reserve Fund to be used for the payment of principal and interest on bonds payable from the Bond Sinking Fund, as to which there would otherwise be default. The sum of \$103,922 has been deposited therein for this requirement.

Sewer Revenue Bond - Series 2012 - Depreciation & Contingency Fund to be used for the payment of extensions, additions, improvements, renewals, and replacements necessary to properly operate the system. Monthly deposits are to be equal to the sum of 5% of the net revenues of the preceding month, provided the sum is available, until \$130,000 has accumulated in the fund. The sum of \$17,720 has been deposited to date for this requirement.

NOTE 8 - PENSION PLAN

The Town of Livonia (the Town) is a participating employer a cost sharing defined benefit pension plans. This plans is administered by the Municipal Police Employee's Retirement System (MPERS). Article X, Section 29(F) of the Louisiana Constitution of 1974 assigns the authority to establish and amend benefit provisions of these plans to the State Legislature. Each system is administered by a separate board of trustees.

Municipal Police Employees Retirement System of Louisiana (MPERS)

Plan Description

The Municipal Police Employees' Retirement System (MPERS) is the administrator of a cost-sharing multiple-employer plan. Membership in the System is mandatory for any full-time police officer employed by a municipality of the State of Louisiana and engaged in law enforcement, empowered to make arrests, providing he or she does not have to pay social security, and meets the statutory criteria. The projections of benefit payments in the calculation of the total pension liability includes all benefits to be provided to current active and inactive employees through the System in accordance with benefit terms and any additional legal agreements to provide benefits that are in force at the measurement date. Benefit provisions are authorized within Act 189 of 1973 and amended by LRS 11:2211-11:2233.

NOTE 8 - PENSION PLAN (CONTINUED)

Plan Description (Continued)

The System issues an annual financial report that is available to the public which includes financial statements and required supplementary information for the System. This report may be obtained by writing, calling, or downloading the reports as follows:

MPERS: 7722 Office Park Boulevard | Baton Rouge, Louisiana 70809 | www.lampers.org

Funding Policy

Article X, Section 29(E)(2)(a) of the Louisiana Constitution of 1974 assigns the Legislature the authority to determine employee contributions. Employer contributions are actuarially determined using statutorily established methods on an annual basis and are constitutionally required to cover the employer’s portion of the normal cost and provide for the amortization of the unfunded accrued liability. Employer contributions are adopted by the Legislature annually upon recommendation of the Public Retirement Systems’ Actuarial Committee (PRSAC).

Contributions to the plan are required and determined by State statute (which may be amended) and are expressed as a percentage of covered payroll. The contribution rates in effect for the year ended December 31, 2020, for the Town and covered employees were as follows:

	Town	Employees
Municipal Police Employees’ Retirement System		
All employees hired prior to 01/01/2013 and all Hazardous Duty employees hired after 01/01/2013	32.50%	10.00%
Non-Hazardous Duty (hired after 01/01/2013)	32.50%	8.00%
Employees receiving compensation below poverty guidelines of US Department of Health	34.25%	7.50%

The Town made contributions of \$71,653, \$125,441, and \$111,916 during 2020, 2019, and 2018, respectively.

(continued)

NOTE 8 - PENSION PLAN (CONTINUED)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2020, the Town reported a net pension liability of \$1,210,071 for its proportionate share of the net pension liability. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. Based on actuarial valuations as of June 30, 2020, the Town's proportion was .1309%, which was an increase of .0025% from its proportion measured as of June 30, 2019 at .1284%.

For the year ended December 31, 2020, the Town recognized pension expense of \$182,504 related to the plan, non-employer contributions were \$28,538.

At June 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 47,664
Changes of assumptions	28,754	29,863
Net difference between projected and actual earnings on pension plan investments	145,172	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions	53,218	1,312
Employer contributions subsequent to the measurement date	48,726	-
	\$ 275,870	\$ 78,839

The Town reported \$48,726 as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in the pension expense as follows:

December 31, 2021	\$ 48,726
December 31, 2022	39,732
December 31, 2023	32,281
December 31, 2024	27,566
	\$ 148,305

NOTE 8 - PENSION PLAN (CONTINUED)

Actuarial Assumptions

The actuarial assumptions used in the June 30, 2020 valuation were based on the assumptions used in the June 30, 2020 actuarial finding and valuation and were based on the results of an actuarial experience study for the period of July 1, 2009 through June 30, 2014.

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2020 are as follows:

Valuation Date	June 30, 2020
Actuarial Cost Method	Entry Age Normal Cost
Investment Rate of Return	6.950%, net of investment expense
Expected Remaining Service Lives	4 years
Inflation Rate	2.50%

Salary increases, including inflation and merit:

<u>Years of Service</u>	<u>Salary Growth Rate</u>
1-2	12.30%
2+	4.70%

The mortality rate assumption used was set based on an experience study performed by the prior actuary on plan data for the period July 1, 2014 through June 30, 2019 and review of similar law enforcement mortality. The data was assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the System's liabilities. Annuity values calculated based on this mortality were compared to those produced by using a set-back of standard tables. The result of the procedure indicated that the tables used would produce liability values approximating the approximate generational mortality tables.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing/diversification. The resulting long-term rate of return is 7.19% for the year ended June 30, 2020.

NOTE 8 - PENSION PLAN (CONTINUED)

Actuarial Assumptions (Continued)

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long - Term Expected</u>
	<u>MPERS</u>	<u>MPERS</u>
Equity	48.50%	3.08%
Fixed Income	33.50%	0.54%
Alternatives	18.00%	1.02%
Total	<u>100.00%</u>	<u>4.64%</u>
Inflation		<u>2.55%</u>
Expected Arithmetic Nominal Return		<u>7.19%</u>

Discount Rate

The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PERSAC taking into consideration the recommendation of the System's actuary. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate used to measure the total pension liability for MPERS 6.950% for the year ended June 30, 2020.

Sensitivity to Changes in Discount Rate

The following presents the Town's proportionate share of the Net Pension Liability (NPL) using the discount rate of each Retirement System as well as what the Town's proportionate share of the NPL would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate used by each of the Retirement Systems:

	<u>1.0% Decrease</u>	<u>Current Discount Rate</u>	<u>1.0% Increase</u>
Discount Rates	5.950%	6.950%	7.950%
Shares of Net Pension Liability	\$ 1,700,020	\$ 1,210,071	\$ 800,493

NOTE 9 - COMMITMENTS AND CONTINGENCIES

Risk Management

The Town is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the Town carries commercial insurance. There were no major changes in insurance coverage from the prior year and settlements have not exceeded coverage in the current year or in the past three years.

Grants

The Town receives federal and state grants for specific purposes that are subject to audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. It is the opinion of the Town management that its compliance with the terms of grants will result in negligible, if any, disallowed costs.

NOTE 10 - DEFERRED COMPENSATION PLAN

The Town offers all employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457, permitting them to defer a portion of their salary until future years. The Plan is administered by Massachusetts Mutual Financial Group. (MassMutual) who is also the Plan's Trustee.

Participation in the Plan is optional. The deferred compensation is not available to employees until termination, retirement, death, or an unforeseeable emergency. In accordance with the amended provisions of the Internal Revenue Code, all amounts deferred under the Plan, including income attributable to those amounts, are solely the property and rights of the participants and their beneficiaries.

MassMutual held Plan assets of \$804,929 at December 31, 2020.

The Town has implemented GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. Under this statement governments that have no responsibility for the Plan and are not formally considered the Plan's trustee are not required to report the Plan in its financial statements. Since the Town's Plan is held in a custodial account with a third party administrator, the assets and liabilities are not presented in the Town's financial statements.

(continued)

NOTE 11 - COMPENSATION OF GOVERNING BODY

During 2020, Council members received compensation as follows:

	Amount
James R. Bergeron	\$ 6,075
Gregory M. Jarreau	6,075
John T. Jarreau	6,075
Ron V. Leblanc	6,050
Warren C. Pourciau	6,075
Total	\$ 30,350

NOTE 12 - RESTATEMENT OF NET POSITION / FUND BALANCE

During the 2020 audit, was discovered that an accrual for capital outlay/capital assets and the related expenses associated were not properly accrued in the prior year. The Town received a reimbursement grant related expense incurred in 2019, however the related expenses were not properly accrued. The accrual was recorded in the 2019 audit for the reimbursement grant was in the amount of \$86,549. The entry recorded in 2019 included a grant receivable and a deferred inflow of resources since the reimbursement grant was received later than 60 days after year end.

	Fund Balance - General Fund	Net Position - Gov't Wide
Net Position / Fund Balance at December 31, 2019, as previously presented	\$ 1,244,188	\$ 1,884,908
To record capital outlay and related payables	(86,549)	(86,549)
To record construction in progress	-	86,549
Net Position / Fund Balance at December 31, 2019, restated	\$ 1,157,639	\$ 1,884,908

TOWN OF LIVONIA, LOUISIANA

REQUIRED SUPPLEMENTARY INFORMATION

**TOWN OF LIVONIA, LOUISIANA
GENERAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL**

For the year ended December 31, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - positive (negative)</u>
REVENUES				
Taxes:				
Sales	\$ 318,000	\$ 383,000	\$ 390,450	\$ 7,450
Video poker	142,000	165,000	168,801	3,801
Franchise	77,300	85,400	81,597	(3,803)
Ad valorem	47,500	48,775	50,269	1,494
Beer	-	-	4,006	4,006
Fines	504,700	479,838	524,498	44,660
Licenses and permits	77,500	81,500	89,439	7,939
Intergovernmental	33,700	237,197	342,974	105,777
Charges for services	15,480	12,405	13,151	746
Investment income	29,668	24,986	7,476	(17,510)
Total revenues	<u>1,245,848</u>	<u>1,518,101</u>	<u>1,672,661</u>	<u>154,560</u>
EXPENDITURES				
Current function:				
General government	188,104	175,157	177,412	(2,255)
Public safety	727,381	697,395	677,152	20,243
Highways and streets	191,965	179,477	174,904	4,573
Health and welfare	900	475	370	105
Culture and recreation	24,105	20,246	20,034	212
Capital outlay	19,300	37,748	64,710	(26,962)
Total expenditures	<u>1,151,755</u>	<u>1,110,498</u>	<u>1,114,582</u>	<u>(4,084)</u>
Deficiency of revenues over expenditures	<u>94,093</u>	<u>407,603</u>	<u>558,079</u>	<u>150,476</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	-	-	13,000	13,000
Transfers out	(126,300)	(124,800)	(124,800)	-
Total other financing sources (uses)	<u>(126,300)</u>	<u>(124,800)</u>	<u>(111,800)</u>	<u>13,000</u>
Net change in fund balance	<u>\$ (32,207)</u>	<u>\$ 282,803</u>	446,279	<u>\$ 163,476</u>
FUND BALANCE				
Beginning of year, restated			<u>1,157,639</u>	
End of year			<u>\$ 1,603,918</u>	

TOWN OF LIVONIA, LOUISIANA
NOTE TO BUDGETARY INFORMATION

For the year ended December 31, 2020

NOTE 1 - BUDGET

Budget Policy and Budgetary Accounting

A proposed budget is prepared and submitted by the Mayor to the Town Council prior to the beginning of each fiscal year. A budget summary and notice of a public hearing is published with the public hearing being conducted prior to the commencement of the budget year.

The annual operating budget, prepared on the modified accrual basis, covers the general fund and enterprise fund (accrual basis). At the end of the fiscal year, unexpended appropriations automatically lapse. Budget amendments are approved by the Town Council and are included in the financial statements.

In connection with budget preparation, a portion of the unassigned fund balance of an individual fund may be designated for expenditures of the subsequent year. Such designation represents the extent to which the fund balance is used to balance the subsequent year's operating budget of that fund, as reflected in the legally adopted budget.

Basis of Accounting

All of the Town's funds budgets are prepared on the modified accrual basis of accounting, which is described in Note 1 to the Town's financial statements for the year ended December 31, 2020. The Town's basis of budgetary accounting follows generally accepted accounting principles.

TOWN OF LIVONIA, LOUISIANA

OTHER SUPPLEMENTARY INFORMATION

TOWN OF LIVONIA, LOUISIANA
SCHEDULE OF PROPORTIONATE SHARE
OF NET PENSION LIABILITY
LAST TEN FISCAL YEARS (1)(2)

	MPERS	
	2020	2019
As of the fiscal year ended (2):		
Employer's Proportion of the Net Pension Liability	0.1309%	0.1284%
Employer's Proportionate Share of the Net Pension Liability	\$ 1,210,071	\$ 1,166,441
Employer's Covered Payroll	\$ 379,315	\$ 427,643
Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	319.01%	272.76%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.945%	71.008%
As of the fiscal year ended (2):	2018	2017
Employer's Proportion of the Net Pension Liability (Asset)	0.1297%	0.1101%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 1,096,221	\$ 961,272
Employer's Covered Payroll	\$ 382,320	\$ 328,704
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	286.73%	292.44%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	71.886%	70.081%
As of the fiscal year ended (2):	2016	2015
Employer's Proportion of the Net Pension Liability (Asset)	0.1038%	0.1049%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 972,964	\$ 821,468
Employer's Covered Payroll	\$ 283,050	\$ 280,420
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	343.74%	292.94%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	66.042%	70.730%

(1) Schedule is intended to show information for 10 years. Additional years will be displayed as available.

(2) The amounts presented have a measurement date of MPERS's prior June 30th fiscal year end.

MPERS = Municipal Police Employees' Retirement System

TOWN OF LIVONIA, LOUISIANA
SCHEDULE OF PENSION CONTRIBUTIONS
LAST TEN FISCAL YEARS (1)(2)

	MPERS	
	2020	2019
As of the fiscal year ended (2):		
Contractually Required Contribution	\$ 102,718	\$ 141,951
Contributions in Relation to Contractually Required Contribution	102,718	141,951
Contribution Deficiency (Excess)	\$ -	\$ -
Employer's Covered Payroll	\$ 310,295	\$ 438,450
Contributions as a % of Covered Payroll	33.10%	32.38%
As of the fiscal year ended (2):	2018	2017
Contractually Required Contribution	\$ 122,492	\$ 113,616
Contributions in Relation to Contractually Required Contribution	122,492	113,616
Contribution Deficiency (Excess)	\$ -	\$ -
Employer's Covered Payroll	\$ 398,348	\$ 357,845
Contributions as a % of Covered Payroll	30.75%	31.75%
As of the fiscal year ended (2):	2016	2015
Contractually Required Contribution	\$ 88,058	\$ 90,856
Contributions in Relation to Contractually Required Contribution	88,058	90,856
Contribution Deficiency (Excess)	\$ -	\$ -
Employer's Covered Payroll	\$ 279,550	\$ 288,433
Contributions as a % of Covered Payroll	31.50%	31.50%

(1) Schedule is intended to show information for 10 years. Additional years will be displayed as available.

(2) The amounts presented have a measurement date of the Town's fiscal year.

MPERS = Municipal Police Employees' Retirement System

TOWN OF LIVONIA, LOUISIANA

NOTES TO SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY AND SCHEDULE OF PENSION CONTRIBUTIONS

For the year ended December 31, 2020

NOTE 1 - NET PENSION LIABILITY

Changes of Benefit Terms

Municipal Police Employees' Retirement System

No Changes.

Changes of Assumptions

Municipal Police Employees' Retirement System

In 2020, the investment rate of return decreased from 7.125% to 6.950% and the inflation rate remained the same at 2.50%. The long-term expected real rate of return decreased from 7.89% to 7.19%.

In 2019, the investment rate of return and inflation rate decreased from 7.20% to 7.125% and 2.60% to 2.50%, respectively. The long-term expected real rate of return decreased from 8.03% to 7.89%.

In 2018, the investment rate of return and inflation rate decreased from 7.325% to 7.20% and 2.70% to 2.60%, respectively. The long-term expected real rate of return decreased from 8.19% to 8.03%.

In 2017, the investment rate of return and inflation rate decreased from 7.50% to 7.325% and 2.875% to 2.70%, respectively. The long-term expected real rate of return decreased from 8.25% to 8.19%.

In 2016, the investment rate of return and inflation rate remained the same as the prior year at 7.50% and 2.875%, respectively. The long-term expected real rate of return decreased from 8.28% to 8.25%.

In 2015, the investment rate of return and inflation rate were 7.50% and 2.875%, respectively. The long-term expected real rate of return was 8.28%.

TOWN OF LIVONIA, LOUISIANA
SCHEDULE OF COMPENSATION, BENEFITS AND
OTHER PAYMENTS TO AGENCY HEAD

For the year ended December 31, 2020

Agency Head: Mayor Rhett Pouricau

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 12,075
Travel allowance	<u>1,000</u>
Total	<u>\$ 13,075</u>

TOWN OF LIVONIA, LOUISIANA
ACT 87 JUSTICE SYSTEM FUNDING SCHEDULE
COLLECTING/DISBURSING ENTITY

For the year ended December 31, 2020

	First Six Month Period Ending, June 30, 2020	Second Six Month Period Ending, December 30, 2020
BEGINNING BALANCE OF AMOUNTS COLLECTED	\$ <u>66</u>	\$ <u>-</u>
COLLECTIONS:		
Criminal Fines - Other	228,459	301,439
Third party processing fees	<u>10,821</u>	<u>21,496</u>
TOTAL COLLECTIONS:	<u>239,280</u>	<u>322,935</u>
DISBURSEMENTS TO GOVERNMENTS AND NON-PROFITS:		
Capital District Law Enforcement, Traffic fines	2,664	3,446
CMIS, Traffic fines	1,360	1,758
Trauma Head & Spinal Cord Injury, Traffic fines	4,915	7,000
Department of Treasury, Handicapped violations	208	-
Louisiana Judicial College, Traffic fines	<u>680</u>	<u>879</u>
TOTAL DISBURSEMENTS	<u>9,827</u>	<u>13,083</u>
AMOUNTS RETAINED BY COLLECTING AGENCY:		
Town of Livonia, Collections	218,698	288,356
Credit Card Processing Fees	10,821	21,496
AMOUNT "SELF-DISBURSED" TO COLLECTING AGENCY	<u>229,519</u>	<u>309,852</u>
TOTAL DISBURSEMENTS / RETAINAGE	<u>239,346</u>	<u>322,935</u>
TOTAL ENDING BALANCE OF AMOUNTS COLLECTED AND NOT DISBURSED	<u>\$ -</u>	<u>\$ -</u>

**INDEPENDENT AUDITORS' REPORT REQUIRED BY
*GOVERNMENTAL AUDITING STANDARDS***

For the year ended December 31, 2020

INDEPENDENT AUDITORS' 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

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

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, the financial statements of the governmental activities, the business-type activities, and each major fund of the **TOWN OF LIVONIA, LOUISIANA (TOWN)** as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated June 25, 2021.

Internal Control over Financial Reporting

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

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

Our consideration of internal control over financial reporting 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 did identify certain deficiency in internal control, described in the accompanying schedule of findings and recommendations as item 2020-001, that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2020-001 and 2019-003. Additionally, if the scope of our work had been sufficient to enable us to express opinions on the basic financial statements, other instances of noncompliance or other matters may have been identified and reported thereon.

The Town's Response to Findings

The Town's responses to the findings identified in our audit are described in the accompanying schedule of findings and recommendations. The Town's responses were not subjected to the auditing procedures applied in the audit of the financial statements and accordingly, we express no opinion on it.

Purpose of this Report

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

This report is intended solely for the information and use of the Town Council and management, the Louisiana Legislative Auditor, and federal and state agencies, and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statutes 24:513, this report is distributed by the Legislative Auditor as a public document.

Faulk & Winkler, LLC
Certified Public Accountants

Baton Rouge, Louisiana
June 25, 2021

TOWN OF LIVONIA, LOUISIANA

SCHEDULE OF FINDINGS AND RECOMMENDATIONS

For the year ended December 31, 2020

1) Summary of Auditors' Results:

- A) The type of report issued on the financial statements: **Unmodified opinion.**
 - B) Significant deficiencies in internal control were disclosed by the audit of financial statements: **2020-001.**
 - C) Material weaknesses: **None.**
 - D) Noncompliance that is material to the financial statements: **None.**
- 2) Findings relating to the financial statements reported in accordance with *Government Auditing Standards*: **2020-001.**
- 3) Findings relating to compliance reported in accordance with *Government Auditing Standards*: **None**

TOWN OF LIVONIA, LOUISIANA

SUMMARY OF FINDINGS AND RECOMMENDATIONS

For the year ended December 31, 2020

4) FINDINGS - FINANCIAL STATEMENT AUDIT

2020-001 Segregation of Duties

Fiscal Year Finding Originated: 2011

Criteria: Duties within the Town's financial reporting process should be segregated between different individuals to ensure effective internal control over financial reporting.

Condition: The Town does not have adequate segregation of duties over the financial reporting process.

Cause: The finding results from the small number of Town personnel involved in the financial reporting process, which restricts meaningful segregation of duties.

Effect: The Town does not have adequate internal control over financial reporting.

Recommendation: We recommend that the Town continue the current process of:

- Obtaining the Mayor's approval for all Town disbursements,
- The unopened monthly bank statement (including all cancelled checks) be reviewed by the Mayor,
- The Mayor review and sign off bank reconciliations,
- The Mayor and Town Council review the Town's financial statements, on a monthly basis with comparison to budgeted amounts. Furthermore, a listing of monthly cash disbursements be reviewed with the monthly financial statements.

Management's corrective action plan: Due to the size of the Town, the achievement of adequate segregation of duties is desirable to management but is economically impractical. However, the Mayor approves all disbursements of the Town within the range of the Council approved budget, except for those disbursements within the designated Police Department budget which are approved by the elected Chief of Police. All check disbursements are to have dual signatures per Town policy.

TOWN OF LIVONIA, LOUISIANA

SCHEDULE OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS

For the year ended December 31, 2020

2019-001 Segregation of Duties

This finding has been reclassified as 2020-001.

2019-002 Budget Law

This finding is considered resolved.

2019-003 Retirement Plan Participation

This finding is considered resolved.