

**ANNUAL**  
**COMPREHENSIVE FINANCIAL REPORT**  
**CITY OF LIVINGSTON, TEXAS**

**FISCAL YEAR**  
**OCTOBER 1, 2022 - SEPTEMBER 30, 2023**  
**ISSUED BY: FINANCE DEPARTMENT**  
**LINETTE BARKER**

**CITY OF LIVINGSTON, TEXAS  
ANNUAL COMPREHENSIVE FINANCIAL REPORT  
SEPTEMBER 30, 2023**

**TABLE OF CONTENTS**

	<b><u>PAGE</u></b>
<b>INTRODUCTORY SECTION</b>	
Title Page	
Table of Contents	i-iv
Finance Director's Comprehensive Letter of Transmittal	v-ix
List of Principal Officials	x
Organizational Chart	xi
Certificate of Achievement for Excellence in Financial Reporting	xii
<b>FINANCIAL SECTION</b>	
Independent Auditor's Report	2-4
Management's Discussion and Analysis (unaudited)	5-13
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	15-16
Statement of Activities	17-18
Fund Financial Statements:	
Governmental Fund:	
Balance Sheet	19-20
Statement of Revenues, Expenditures, and Changes in Fund Balance	21
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Fund to the Statement of Activities	22
Statement of Revenues, Expenditures and Changes in Fund Balance Budget (GAAP Basis) and Actual	23-24

## **TABLE OF CONTENTS - Continued**

	<b><u>PAGE</u></b>
Proprietary Funds:	
Statement of Net Position	25-26
Statement of Revenues, Expenses and Changes in Fund Net Position	27
Statement of Cash Flows	28-29
Notes to Basic Financial Statements	31-52
Required Supplementary Information:	
Texas Municipal Retirement System Schedule of Changes in Net Pension Liability and Related Ratios	54-55
Texas Municipal Retirement System Schedule of Contributions	56-57
Texas Municipal Retirement System Schedule of Changes in Total Other Postemployment Benefits and Related Ratios	58-59
Individual Fund Financial Statements and Schedules:	
General Fund:	
Comparative Balance Sheet	62
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget (GAAP Basis) and Actual	63-64
Schedule of Expenditures-Budget (GAAP Basis) and Actual	65-72
Proprietary Fund:	
Comparative Statement of Net Position Electric, Water and Sewer Fund	74-75
Comparative Statement of Revenues, Expenses and Changes in Net Position Electric, Water, and Sewer Fund	76
Comparative Statement of Cash Flows Electric, Water, and Sewer Fund	77-78
Enterprise Fund:	
Schedule of Expenses by Department - Compared to Budget	80-83

## TABLE OF CONTENTS – Continued

<b>STATISTICAL SECTION</b>	<b><u>TABLE</u></b>	<b><u>PAGE</u></b>
Financial Trends:		
Net Position by Component - Last Ten Fiscal Years	A-1	86-87
Changes in Net Position - Last Ten Fiscal Years	A-2	88-89
Fund Balances Governmental Funds - Last Ten Fiscal Years	A-3	90-91
Changes in Fund Balances, Governmental Funds - Last Ten Fiscal Years	A-4	92-93
Revenue Capacity:		
Assessed and Estimated Actual Value of Taxable Property - Last Ten Fiscal Years	B-1	95-96
Property Tax Rates and Tax Levies – Direct and Overlapping Governments - Last Ten Fiscal Years	B-2	97
Principal Revenue Payers - Current and Nine Years Ago	B-3	98
Property Tax Levies and Collections - Last Ten Fiscal Years	B-4	99-100
Taxable Sales by Category - Last Ten Fiscal Years	B-5	101-102
Electrical, Water and Sewer Revenues - Last Ten Fiscal Years	B-6	103-104
Debt Capacity:		
Ratios of Outstanding Debt by Type - Last Ten Fiscal Years	C-1	106-107
Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt per Capita – Last Ten Fiscal Years	C-2	108-109
Computation of Direct and Overlapping Debt	C-3	110
Computation of Legal Debt Margin	C-4	111
Demographic and Economic Information:		
Demographic and Economic Statistics – Last Ten Fiscal Years	D-1	113
Principal Employers – Current and Nine Years Ago	D-2	114

## TABLE OF CONTENTS – Continued

<b>STATISTICAL SECTION</b>	<b><u>TABLE</u></b>	<b><u>PAGE</u></b>
Operating Information:		
Full-Time Equivalent City Government Employees by Function/Program – Last Ten Fiscal Years	E-1	116-117
Operating Indicators by Function/Program – Last Ten Fiscal Years	E-2	118-119
Capital Assets Statistics by Function/Program – Last Ten Fiscal Years	E-3	120-121
Miscellaneous Statistical Data – Unaudited	F-1 – F-6	122-128
City Officials	F-7	129
Single Audit Reports on Expenditures of Federal Awards Programs		
Schedule of Expenditures of Federal Awards		131
Note to the Schedule of Expenditures of Federal Awards		132
Schedule of Findings and Questioned Costs		133
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards		134-135
Independent Auditor’s report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance		136-138



# *City of Livingston, Texas*

A Texas Main Street City Since 2005

200 West Church Street, Livingston, Texas 77351-3281

Telephone: (936) 327-4311 Fax: (936) 327-7608

[www.cityoflivingston-tx.com](http://www.cityoflivingston-tx.com)

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March 13, 2024

Honorable Mayor,  
Members of the City Council,  
And Citizens of the  
City of Livingston  
Livingston, Texas

City of Livingston Mayor and City Council:

The Annual Comprehensive Financial Report (ACFR) of the City of Livingston for the fiscal year ended September 30, 2023 is submitted herewith. This report is published to provide the City Council, City Staff, the citizens, the bondholders and other interested parties with detailed information concerning the financial condition and activities of the City government. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City.

To the best of our knowledge and belief, the enclosed data is accurate in all material respects, and is organized in a manner designed to fairly present the financial position and results of operations of the City as measured by the financial activity of its various funds. We also believe that all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs have been included.

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

The financial section of this report includes Management's Discussion and Analysis (MD&A), basic financial statements and individual fund statements and schedules, as well as the independent auditor's report on the basic financial statements. The MD&A is a narrative introduction, overview, and analysis to accompany the basic financial statements. This letter of transmittal is designed to complement and should be read in conjunction with the MD&A. The City of Livingston's MD&A can be found immediately following the report of the independent auditor.

The Financial Section described above is prepared in accordance with generally accepted accounting principles for governments as prescribed by the Governmental Accounting Standards Board (GASB) and other professional associations, as applicable.

## **CITY PROFILE**

### **Location**

The City of Livingston is located in southeast Polk County, approximately 75 miles northeast of Houston. Livingston is readily accessible via U.S. Highway 59 on the north and south and U.S. 190 on the east and west.

The City is a general law city operating under the Council-Manager form of government. The City Council is comprised of the Mayor and five Council members, who enact local laws, determine policies and adopt the annual budget. The City Manager is appointed by the City Council and is responsible for the daily management of the City. The basic financial statements of the City include all government activities, organizations and functions for which the City is financially accountable as defined by the GASB. Based on these criteria no other governmental organizations are included in this report.

### Services Provided

Reflected in this report is the extensive range of services provided by the City of Livingston. These basic services include public safety, streets, sanitation, parks, recreation, events, library, provision of water and electricity, sewage disposal and general administration services.

### Accounting Systems and Budgetary Control

In developing and evaluating the City's accounting control system, consideration is given to the adequacy of internal accounting controls. Accounting control comprises the plan of organization and the procedures and records that are concerned with the safeguarding of assets and the reliability of financial records and, consequently, are designed to provide reasonable assurance that:

1. Transactions are executed in accordance with management's general or specific authorization.
2. Transactions are recorded as necessary (1) to permit preparation of financial statements in conformity with generally accepted accounting principles or any other criteria, such as finance-related legal and contractual compliance requirements applicable to such statements, and (2) to maintain accountability for assets.
3. Access to assets is permitted only in accordance with management's authorization.
4. The recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

The definition of accounting control comprehends reasonable, but not absolute, assurance that the objectives expressed in it will be accomplished by the system. The concept of reasonable assurance recognizes that the cost of internal control should not exceed the benefits expected to be derived. The benefits consist of reductions in the risk of failing to achieve the objectives implicit in the definition of accounting control.

All internal control evaluations occur within the above framework. We believe that the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

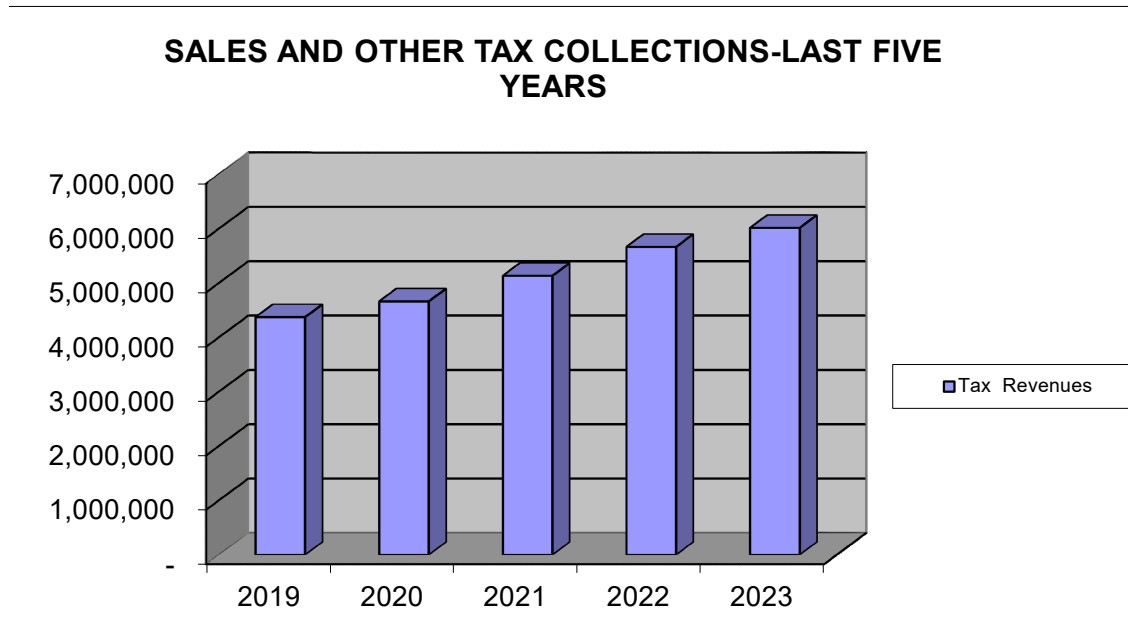
In accordance with the State Laws of Texas, the City has formally established budgetary accounting control for its operating funds. Budgetary control is maintained at the department head/function level. Financial reports are produced showing budget and actual expenditures by line item, and are distributed monthly to City departmental and divisional management and to others upon request. Individual line items are reviewed and analyzed for budgetary compliance. Personnel expenditures are monitored and controlled at a position level and capital expenditures (items over \$1,000 and having a useful life of three or more years) are monitored and controlled item by item. Revenue budgets are reviewed monthly.

### ECONOMIC OUTLOOK AND FINANCIAL CONDITION

The local economy experienced an increase in most economic indicators in 2023. Sales tax revenue, a major indicator of the economic condition of the area, increased from \$5,209,000 to \$5,506,000, an increase of \$297,000 or 5.7%. The increase was due to improved economic activity.

In fiscal 2023, hotel occupancy tax, sanitation service fees, gross receipts and franchise fees increased by 7.9%, from fiscal 2022. Fines and forfeitures decreased by 6.9%, and parks and recreation and library user fees decreased by 34.6%.

A graph of tax receipts follows:



The Utility Fund revenues, including electric and water sales increased in 2023 due to the continued growth of the community. Electric sales increased by 10.3% from \$10,688,938 in fiscal year 2022 to \$11,787,552 in fiscal 2023. The total gallons of water consumed in the city increased 9.66% from 576,546,000 gallons in fiscal year 2022 as compared to 632,266,000 gallons in fiscal year 2023. The TDCJ Polunsky Unit continued as the City's largest water and wastewater user consuming 298,107,000 gallons of water with the IAH federal detention facility, located on FM 350 South, as the second largest water and wastewater user consuming 19,915,000 gallons of water. Together, these two facilities represent 52.33% of water and sewer consumption, or 318,022,000 gallons of the total water consumed in fiscal year 2023.

#### Economic Development

A total of 42 building permits were issued by the City for commercial and residential construction projects in calendar year 2023 with a total construction value of \$12,573,758. This activity demonstrates the positive economic climate in the local community which is expected to continue into the new year with additional projects currently in the planning and development stages.

During the fiscal 2023 year the City added the construction of two (2) new bakeries, Stella's and Katies Kitchen, new construction of On the Road Convenience store, The Vault Venue establishment along with the construction of a suite of new office buildings located across from the Judicial Center and a Tesla Supercharging Station Complex to accommodate our motorists with electric automobiles. Entering 2024 we have the following construction projects pending:

- \$12.5mm renovation of our courthouse located within the city.
- Construction of a new 64-unit apartment complex.
- Construction of a new Memory Care facility with 16 residential rooms.
- Construction of a new John Deere Dealership with a Turf business. (King Ranch, Inc.)
- Construction of a new storage building at Ameristeel/Postel



- Construction of a new storage building at Direct Solutions.
- Construction of a new Slim Chickens fast food restaurant.
- Buildout of a 680 sf Woodforest Bank Branch inside the local Wal-Mart.

#### Capital Projects

- Major overhaul and modification of our Sewer Plant with the help of our ARPA funds.
- The City purchased two (2) fully equipped Patrol cars for the Police Department.
- Continued preventive maintenance of limbs for the Electric Department.
- Continued manhole rehabilitation and sewer line installation for the Sewer Department.
- Continued our efforts of preservation & Imaging of our Minutes & Ordinance Records.
- Through grant funds we were able to purchase 23 bullet proof assault shields for the patrol cars and to be placed in the local schools.
- Constructed a tractor barn for the Parks Department at Pedigo Park.
- Constructed fencing around the elevated storage tanks.
- Purchased trucks for the Sewer and Park Departments.

The fiscal year 2024 includes the following major capital improvement projects:

- A new fire engine for the Fire Department.
- Completion of the installation of AMI (Smart Meters) for the Water and Electric Departments.
- A 860' storm drain to be installed from Milam Street to Anniversary Park.
- Purchase of a tractor with attachments for the Street Department.
- Construction of four Pickleball Courts at Matthews Park.
- Airport improvements which include a Pilots Lounge with restrooms and a cover for the new fuel tank.
- 12" Water and Electric Line reconductoring on South Washington and Old Hwy 35 to upgrade water and electric capacity in the South end of the city.
- Major repairs and re-painting of the West Street Water Tank.
- Installation of Bar Screen for the Prison Sewer Lift Station.
- Construction of new restrooms in Matthews Park.
- Construction of Restrooms & Concession Stand for Soccer Fields at Pedigo park.
- Construction of Restrooms at the Football Fields at Pedigo Park.

#### Future Economic Outlook

The City has been working to improve our infrastructure in anticipation of the expected growth that is coming to the community. The City sits geographically at the intersection of I-69 and Hwy 190 (soon to be I-14) and located just an hour away from the city of Houston.

The City offers its citizens that small town feeling with recreation such as Lake Livingston and the Naskila Entertainment Gaming Center on the Indian Reservation located 17 miles east of the City adding a boost to our local tourism and employment in the area. The U.S. Supreme Court recently ruled that the Alabama-Coushatta Tribe of Texas could continue to operate the Naskila Gaming facility allowing them to expand their operations to eventually include a full-fledged casino, hotel, and golf-course. Currently the Naskila Entertainment Gaming Center employs over 500 people.

The Polk County Economic Development Committee hired an Executive Director, Mr. John Tarver, who will be officed temporarily in the City library. Mr. Tarver is highly regarded in the economic development field and we look forward to working with him to bring new manufacturing and industrial facilities to the community.

We are excited about the prospects for the new year. We expect continued growth, increased sales tax revenue, along with electric, water and sewer revenues. With this growth will come new challenges including adequate housing, traffic, and crime, but we feel that we have the right people with the right vision in place to handle these challenges and continue to make the City a great place to call home.

## Financial Policies

The overall strategy of the City related to cash deposits and investments is to limit the exposure of credit risk and market risk to the City. All bank balances are insured and collateralized with securities held by the City's agent in the City's name. The City added assets to its money market funds and a government investment pool in 2023. All investments meet the legal requirements of the City.

The City is exposed to a variety of accidental losses and has established a risk management strategy that attempts to minimize losses and the carrying cost of insurance.

Risk control techniques have been established to reasonably assure that the City's employees are aware of their responsibilities regarding loss control related to their duties. Risk control techniques have been established to reduce losses to property owned or under the control of the City. Supervisory personnel are held responsible for monitoring risk control techniques on an operational basis.

The primary technique used for risk financing is the purchase of insurance policies from commercial insurers and through participation in the Texas Municipal League Intergovernmental Risk Pool. Coverage in the pool is continuous and annual contributions are subject to adjustment each year based on updated exposure information and changes in ratings.

## OTHER INFORMATION

### Independent Audit

The financial records, books of account, and City transactions for the fiscal year ended September 30, 2023, have been audited by Independent Public Accountants, and their opinion is included in this report.

### Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its annual comprehensive financial report for the fiscal year ended September 30, 2022. This was the thirty-fifth consecutive year (fiscal years ended 1988-2022) that the government has received this prestigious award. To be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a one-year period only. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

### Acknowledgement

The preparation of this report on a timely basis could not have been accomplished without the efforts and dedication of the staff of the Administrative Department. I would like to express my appreciation to my staff and other personnel from various departments who assisted in its preparation. Also, I would like to thank the Mayor and the City Council for their interest and support in planning and conducting the financial operations of the City in a dedicated and responsible manner.

Respectfully submitted,



Linnette Barker  
Finance Director

# **CITY OF LIVINGSTON, TEXAS**

**September 30, 2023**

## **PRINCIPAL OFFICIALS**

### **City Council**

Mayor

Judy Cochran

Mayor Pro-tem

Alan Cook

Alderman

Raymond Luna

Alderman

Elgin Davis

Alderman

Bobby Jackson, Sr.

### **Administration**

City Manager

Billy S. Wiggins

City Finance Director

Linnette Barker

City Secretary

Ellie Monteaux

City Attorney

James Wright

### **Form of Government**

Council - Manager

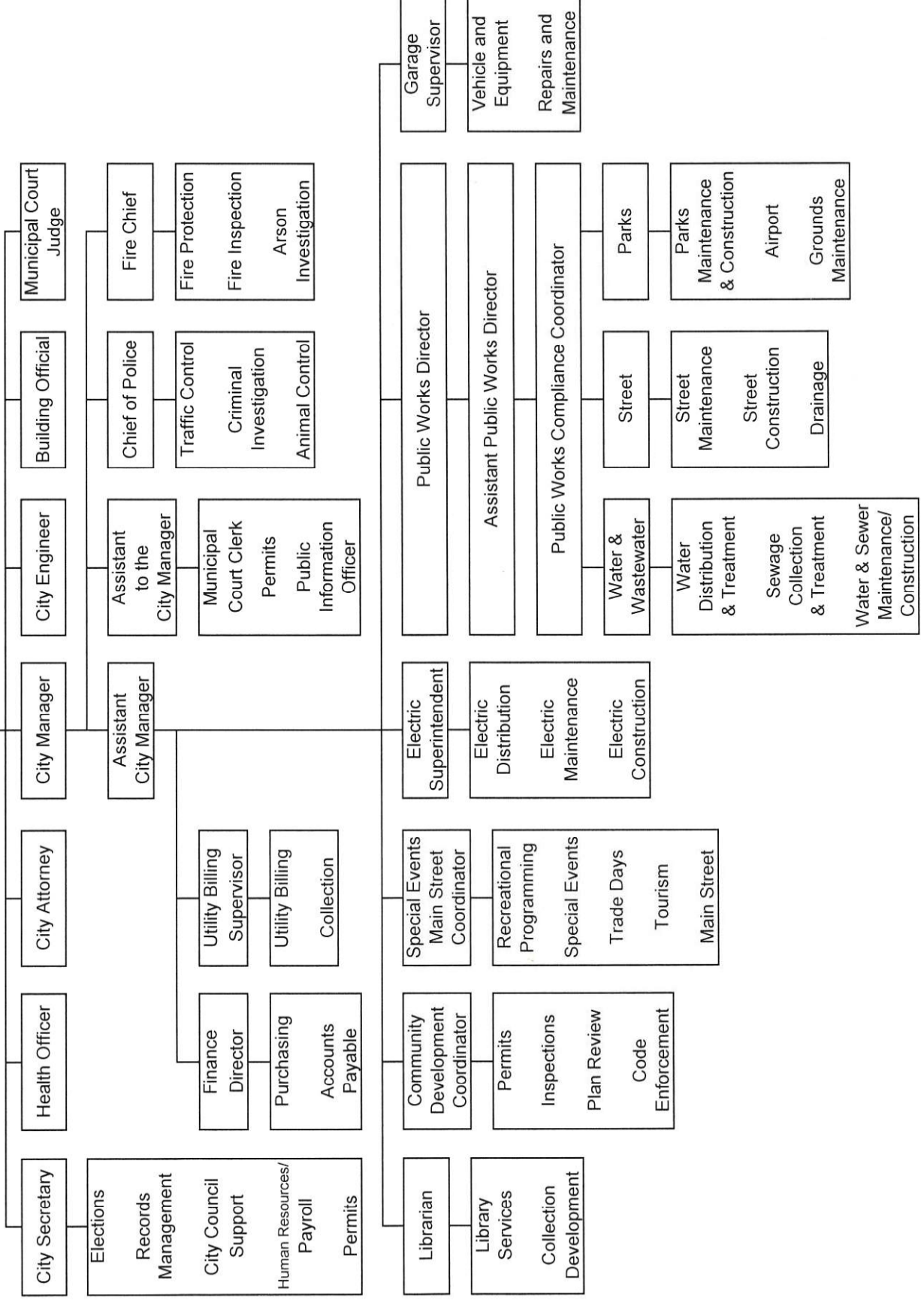
General Law City

# CITY OF LIVINGSTON, TEXAS ORGANIZATIONAL CHART

APPROVED By City Council 9/12/2023

2023 - 2024

Mayor and City Council





Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**City of Livingston  
Texas**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

September 30, 2022

*Christopher P. Morill*

Executive Director/CEO

## **FINANCIAL SECTION**

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## **INDEPENDENT AUDITOR'S REPORT**

The Honorable Judy Cochran, Mayor  
and Members of the City Council  
City of Livingston  
Livingston, Texas

### **Report on the Audit of the Financial Statements**

#### **Opinion**

We have audited the financial statements of the governmental activities, business-type activities, and major fund of the City of Livingston, Texas, (the City) as of and for the year ended September 30, 2023, and the related notes to the financial statements which collectively comprise the City's basic financial statements as listed in the Table of Contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and the major fund of the City of Livingston, Texas as of September 30, 2023, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States.

#### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (GAGAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### **Responsibilities of Management for the Financial Statements**

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

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



## **Auditor's Responsibility for the Audit of the Financial Statements**

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

In performing an audit in accordance with GAGAS, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

## **Required Supplementary Information**

Accounting principles generally accepted in the United States require that the management's discussion and analysis on pages 5-13 and the schedules of changes in net pension liability, contributions, changes in total other postemployment benefits on pages 53-59 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

## **Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City's basic financial statements. The budgetary comparison schedules, individual fund financial statements, and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion the budgetary comparison schedules, individual fund financial statements, and the schedule of expenditures of federal awards are fairly stated, in all material respects in relation to the basic financial statements as a whole.

## **Other Information**

Management is responsible for the other information included in the annual report. The other information comprises the introductory section and statistical information, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 13, 2024, on our consideration of the City'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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*Harper & Pearson Company, P.C.*

HARPER & PEARSON COMPANY, P.C.

Houston, Texas  
March 13, 2024

**CITY OF LIVINGSTON, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2023**

Our discussion and analysis of the City of Livingston's financial performance provides an overview and analysis of the City's financial activities for the fiscal year ended September 30, 2023. Please read it in conjunction with the accompanying transmittal letter and the accompanying basic financial statements.

**FINANCIAL HIGHLIGHTS**

- The City's net position of governmental activities increased by \$1,453,000 or 10.5% as a result of the year's operations, and transfers from the City's business type activities. The operating results declined from 2022, and reflected a loss of \$1,306,000 before transfers. The expenses of the various departments were higher than 2022 reflecting an increase of \$1,578,000. Net position of the City's business type activities increased by \$7,968,000 or 12.9% during 2023. The increase was primarily a result of strong operating results from the business type activities along with increased interest income due to the rise in interest rates. The operating results for the business type activities increased slightly by approximately \$45,000 or less than 1.0% primarily due to recognition of grants received for sewer system improvements. Deferred outflows of resources that relate primarily to the City's participation in the Texas Municipal Retirement System (TMRS) increased in total from \$605,954 in 2022 to \$3,573,335 in 2023 due to an increase in contributions after December 31, 2022 and an increase in difference in experience due to unfavorable investment results by TMRS. Deferred inflows of resources decreased by \$2,508,306 due to the reduced investment returns for the pension plan and the expenditure of federal funds restricted to use for water and sewer system improvements.
- The City's total net position increased by \$9,421,000 or 12.5% during the current fiscal year. The increase is the result of the changes described above.
- Total cost of the City's government programs increased \$1,578,000 or 19.3%. Expenses increased in all departments except the fire department. The largest contributors to the increase were increased salaries in the police department due to increased staffing, increased retirement costs and employee insurance in all departments, sanitation costs of \$121,000 due to an increase in the cost of supplies and contract disposal services, and an increase in streets due to outside equipment rental.
- As of September 30, 2023, the City of Livingston's governmental fund reported an ending fund balance of \$6,931,000, an increase of \$1,888,000 from the prior fiscal year. The increase is due primarily to an increase in sales tax revenues of \$296,000 and an increase in transfers from the City's business type activities of \$1,269,000.
- At the end of the current fiscal year, the unassigned fund balance for the general fund was \$6,895,000 or approximately 73.9% of total general fund expenditures.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

Management's Discussion and Analysis is intended to serve as an introduction to the City of Livingston's basic financial statements. The City of Livingston's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves along with reports required by *Government Auditing Standards*.

**Government-wide Financial Statements.** The government-wide financial statements are designed to provide readers with a broad overview of the City of Livingston's finances, in a manner similar to private-sector business. The statement of net position presents information on all of the City of Livingston's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Livingston is improving or deteriorating. The statement of net position combines and consolidates governmental funds current financial resources (short-term spendable resources) with capital assets and long-term obligations. Other non-financial factors should also be taken into consideration, such as changes in the City's sales tax base and the condition of the City's infrastructure (i.e. roads, drainage improvements, storm and sewer lines, etc.), to assess the overall health or financial condition of the City.

The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes, etc.). Both the statement of net position and the statement of activities are prepared utilizing the accrual basis of accounting.

In the Statement of Net Position and the Statement of Activities, the City is divided into two kinds of activities:

- Governmental activities - Most of the City's basic services are reported here, including the police, fire, libraries, parks development, public services and operations, information services and general administration. Sales tax and charges for services finance most of these activities.
- Business-type activities - The City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's electric, water and sewer systems are reported here.

## **Reporting the City's Most Significant Funds**

### **Fund Financial Statements**

The fund financial statements provide detailed information about the most significant funds - not the City as a whole. Some funds are required to be established by state law and by bond covenants. However, the City Council establishes some funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money. The City's two kinds of funds - governmental and proprietary - utilize different accounting approaches.

- Governmental funds - The majority of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method identified as the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. By comparing information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements, readers may better understand the long-term impact of the government's near-term financing decisions. The relationships or differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds are detailed in a reconciliation following the fund financial statements.

The City of Livingston maintains one individual governmental fund. Information is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the general fund which is considered to be a major fund.

- Proprietary funds - The City charges customers for the services it provides. These services are generally reported in the proprietary fund. 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 City's proprietary fund is identical to the business-type activities that are reported in the government-wide statements but provide more detail and additional information, such as cash flows. The City uses the proprietary fund to account for its electric, water and sewer activities.

### **Other Information**

In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information concerning the City's net pension liability and annual contributions to the pension plan along with other postemployment benefits liability (OPEB). The Texas Municipal Retirement System (TMRS) administers the City's pension plan through a cost-sharing multiple employer defined benefit plan and the City's OPEB (death benefits). Further information about the City of Livingston's pension plan can be found in footnote 7, pages 42-46 of this report. Information regarding the City's OPEB can be found in footnote 8, pages 47-49 of this report.

### **THE CITY AS A WHOLE - Government-Wide Financial Analysis**

The City's combined net position was \$85,065,000 as of September 30, 2023. Analyzing the net position of governmental and business-type activities separately, the business type activities net position is \$69,795,000. This analysis focuses on the net position (Table 1) and changes in net position (Table 2) and significant expenses of the City's governmental and business-type activities.

By far the largest portion of the City's net position (52.68%) reflects its investment in capital assets (e.g., land, water rights, buildings, machinery, equipment, and infrastructure); less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

A comparative analysis of government-wide data is presented below.

**Table 1**  
**Net Position**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total Primary Government</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Current and other assets	\$ 7,328,879	\$ 5,391,071	\$ 39,358,455	\$ 34,674,873	\$ 46,687,334	\$ 40,065,944
Capital assets	<u>10,050,256</u>	<u>10,195,637</u>	<u>51,162,348</u>	<u>47,977,074</u>	<u>61,212,604</u>	<u>58,172,711</u>
Total Assets	17,379,135	15,586,708	90,520,803	82,651,947	107,899,938	98,238,655
Deferred Outflows	<u>2,426,591</u>	<u>412,293</u>	<u>1,146,744</u>	<u>193,661</u>	<u>3,573,335</u>	<u>605,954</u>
Total assets and deferred outflows of resources	<u>19,805,726</u>	<u>15,999,001</u>	<u>91,667,547</u>	<u>82,845,608</u>	<u>111,473,273</u>	<u>98,844,609</u>
Long-term debt outstanding	-	-	16,400,000	17,190,000	16,400,000	17,190,000
Other liabilities	<u>4,483,886</u>	<u>1,078,724</u>	<u>5,034,964</u>	<u>1,934,562</u>	<u>9,518,850</u>	<u>3,013,286</u>
Total Liabilities	4,483,886	1,078,724	21,434,964	19,124,562	25,918,850	20,203,286
Deferred Inflows	<u>52,063</u>	<u>1,103,468</u>	<u>437,570</u>	<u>1,894,471</u>	<u>489,633</u>	<u>2,997,939</u>
Total liabilities and deferred inflows of resources	<u>4,535,949</u>	<u>2,182,192</u>	<u>21,872,534</u>	<u>21,019,033</u>	<u>26,408,483</u>	<u>23,201,225</u>
Net position (deficit):						
Net investment in capital assets	10,050,256	10,195,637	34,762,348	30,787,074	44,812,604	40,982,711
Restricted	36,410	30,202	1,020,633	1,731,648	1,057,043	1,761,850
Unrestricted	<u>5,183,111</u>	<u>3,590,970</u>	<u>34,012,032</u>	<u>29,307,853</u>	<u>39,195,143</u>	<u>32,898,823</u>
Total net position	<u>\$ 15,269,777</u>	<u>\$ 13,816,809</u>	<u>\$ 69,795,013</u>	<u>\$ 61,826,575</u>	<u>\$ 85,064,790</u>	<u>\$ 75,643,384</u>

A portion of the City's net position (1.2%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position \$39,195,143 may be used to meet the government's ongoing obligations to citizens and creditors.

As of September 30, 2023, the City is able to report positive balances in all three categories of net position.

The governmental activities total assets increased by \$1,792,000. This increase was primarily related to increased cash balances and an increase in sales tax receivable. The long-term debt of the business type activities decreased by \$790,000 as the City continued amortizing their contract rights with the Trinity River Authority that were used to expand the City's water system.

**Analysis of the City's Operations** Overall the City had an increase in net position of \$9,421,406 primarily due to recoveries from the Cambridge project, an increase in interest income from investments and an increase in sales tax revenue.

### **Governmental Activities**

Governmental activities increased net position by \$1,452,968 primarily from transfers from the Electric, Water and Sewer Fund. Net position invested in capital assets, net of related debt decreased by \$145,381 or 1.4% as a result of depreciation exceeding the investment in equipment, buildings, and infrastructure during the year. Unrestricted net position increased by \$1,592,141 once again as a result of transfers from the Electric, Water and Sewer Fund.

Total revenues for governmental activities increased from the previous year by \$310,000. The primary increase was in sales tax revenues which increased \$296,000. Expenses increased by 19.3% and generally increased in all departments with the largest increase being in the police department due to increased salaries and benefits.

### **Business-Type Activities**

Net position from business-type activities increased by \$7,968,438 or 12.9% from \$61,826,575 in 2022 to \$69,795,013 in 2023. The increase was primarily due to continued strength in electric revenues with an increase of approximately \$1,100,000, and approximately \$7,481,000 in recoveries from the Cambridge Project (a separate wholesale power supply contract that allows the Sam Rayburn Municipal Power Agency to utilize excess capacity and make distributions of profit back to the participating cities), along with an increase in interest earnings from investments and grants received for sewer improvements.

The following table provides a summary of the City's operations for year ended September 30, 2023 with comparative totals for year ended September 30, 2022.

**Table 2**  
**City of Livingston's Changes in Net Position**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total Primary Government</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Revenues:						
Program Revenues:						
Charges for Services	\$ 2,306,818	\$ 2,288,744	\$ 25,762,975	\$ 24,286,269	\$ 28,069,793	\$ 26,575,013
Capital Grants & Contributions	14,250	-	863,891	-	878,141	-
Operating Grants & Contributions	93,221	91,630	-	-	93,221	91,630
General Revenues:						
Property tax	-	-	-	-	-	-
Sales tax	5,505,516	5,209,435	-	-	5,505,516	5,209,435
Franchise tax	161,274	118,774	-	-	161,274	118,774
Hotel/Motel tax	350,045	337,814	-	-	350,045	337,814
Investment earnings	29,694	4,305	1,174,163	110,498	1,203,857	114,803
Total Revenues	<u>8,460,818</u>	<u>8,050,702</u>	<u>27,801,029</u>	<u>24,396,767</u>	<u>36,261,847</u>	<u>32,447,469</u>
Expenses:						
Administration	703,695	624,095	-	-	703,695	624,095
Sanitation	1,093,109	971,774	-	-	1,093,109	971,774
Fire	655,920	662,911	-	-	655,920	662,911
Police	3,278,120	2,466,594	-	-	3,278,120	2,466,594
Paving & Street	1,635,698	1,332,002	-	-	1,635,698	1,332,002
Parks & Recreation	1,301,892	1,237,130	-	-	1,301,892	1,237,130
Library	655,649	550,599	-	-	655,649	550,599
Garage	442,837	343,438	-	-	442,837	343,438
Interest on long-term debt	-	-	-	-	-	-
Electric, Water, and Sewer	-	-	17,073,521	14,777,779	17,073,521	14,777,779
Total Expenses	<u>9,766,920</u>	<u>8,188,543</u>	<u>17,073,521</u>	<u>14,777,779</u>	<u>26,840,441</u>	<u>22,966,322</u>
Excess (deficiency) before transfers and Special item	(1,306,102)	(137,841)	10,727,508	9,618,988	9,421,406	9,481,147
Special item	-	-	-	3,652,149	-	3,652,149
Transfers, net	<u>2,759,070</u>	<u>1,490,295</u>	<u>(2,759,070)</u>	<u>(1,490,295)</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net position	1,452,968	1,352,454	7,968,438	11,780,842	9,421,406	13,133,296
Net position - October 1	<u>13,816,809</u>	<u>12,464,355</u>	<u>61,826,575</u>	<u>50,045,733</u>	<u>75,643,384</u>	<u>62,510,088</u>
Net position - September 30	<u>\$ 15,269,777</u>	<u>\$ 13,816,809</u>	<u>\$ 69,795,013</u>	<u>\$ 61,826,575</u>	<u>\$ 85,064,790</u>	<u>\$ 75,643,384</u>



## **Financial Analysis of the Government's Funds**

### **Governmental Funds**

The focus of the City of Livingston's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the City of Livingston's governmental fund reported an ending fund balance of \$6,931,351. Approximately 99.5% of the total amount (\$6,894,941) constitutes unassigned fund balance. The remainder of the fund balance is restricted to indicate that because of restrictions of external parties (creditors and contributors) it is not available for new spending because it has been restricted to pay for library (\$36,410) capital improvements.

The unassigned fund balance of the general fund increased by \$1,881,960 from the prior year. The increase was the result of transfers from the Electric, Water and Sewer fund along with increased sales tax revenue. The restricted fund balance of the general fund increased by \$6,208 from the prior year. The increase was due to contributions of library memorials during the year.

In the general fund, the City budgeted for an increase of approximately \$1,206,000 on a GAAP basis. Due to a deferral of certain street projects the actual results were approximately \$682,000 above what was budgeted.

### **Proprietary Fund**

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

Unrestricted net position of the proprietary fund was \$34,012,032. Total unrestricted net position increased in 2023 by \$4,704,179. As previously described, the increase compared to 2022 in the net position was primarily the result of electric recoveries from the Cambridge Project and additional interest earned on investments.

### **General Fund Budgetary Highlights**

The City made revisions to the original appropriations approved by the City Council. Overall these changes resulted in increased budgeted revenues of \$359,472 or 4.2%. The increase in budgeted revenues was primarily for an increase in sales tax revenues and an increase in fines and forfeitures. Budgeted expenditures were decreased by \$1,333,140 or 11.3%. The decrease in budgeted expenditures were primarily for decreased fire department equipment additions, a decrease in administrative expense for building demolitions, and reduced parks expenditures for airport gasoline due to pump repairs that lasted most of the year. The largest differences between budgeted amounts and actual results were sales tax revenues of the general fund were less than the budget by \$95,000 as a result of a slower than expected August and September results and fines and forfeitures were \$279,000 less due to reduced fines. The budgeted expenses for the paving and street department exceeded actual expenditures by \$1,188,000 due to certain budgeted street projects being deferred by the City due to weather delays.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

At the end of the fiscal year 2023, the City had \$61,212,604 (net of accumulated depreciation) invested in a broad range of capital assets, including police and fire equipment, buildings, park facilities, roads, bridges, electrical, water and sewer lines and water service contract rights. The total increase in the City's investment in capital assets for the current fiscal year was 5.2% (1.4% decrease for governmental activities and a 6.6% increase in business-type activities) (See Table 3).

**Table 3**  
**Capital Assets at Year-end**  
**(Net of Depreciation)**

	Governmental Activities		Business-Type Activities		Totals	
	2023	2022	2023	2022	2023	2022
Land	\$ 476,004	\$ 476,004	\$ 694,222	\$ 694,222	\$ 1,170,226	\$ 1,170,226
Water Rights	-	-	16,400,000	17,190,000	16,400,000	17,190,000
Buildings and improvements	3,126,436	3,181,449	507,665	348,132	3,634,101	3,529,581
Equipment and fixtures	1,812,230	1,694,031	553,667	642,293	2,365,897	2,336,324
Paving, sidewalks and	3,476,896	3,840,765	-	-	3,476,896	3,840,765
Parks developmer	888,440	922,643	-	-	888,440	922,643
Airport improvements	270,250	80,745	-	-	270,250	80,745
Utility systems	-	-	33,006,794	29,102,427	33,006,794	29,102,427
Total	<u>\$ 10,050,256</u>	<u>\$ 10,195,637</u>	<u>\$ 51,162,348</u>	<u>\$ 47,977,074</u>	<u>\$ 61,212,604</u>	<u>\$ 58,172,711</u>

This year's major additions included:

Police vehicles	\$ 121,150
Street improvements	242,352
Parks development	390,576
Electric, Water and Sewer System Improvements	4,530,256
Total	<u>\$ 5,284,334</u>

The City's fiscal year 2024 capital budget calls for it to spend another \$7,656,000 for capital projects, principally for fire equipment (\$733,000), police equipment (\$1,076,000), street improvements (\$1,130,000), parks improvements (\$1,372,000), garage vehicle and tools (\$78,000), and electric, water and sewer system improvements (\$3,053,000). Additional information on the City of Livingston's capital assets can be found in footnote 6 on pages 40-42 of this report.

## **Debt**

At year-end, the City had no bonds outstanding. The City's continues to carry a triple A rating, the highest rating possible. This rating has been assigned to the City's tax-supported debt since 1970, by two national rating agencies. The City is permitted by Article XI, Section 5, of the State of Texas Constitution to levy taxes up to \$2.50 per \$100 of assessed valuation for general governmental services including the payment of principal and interest on general obligation long-term debt. The current ratio of tax-supported debt to assessed value of all taxable property is -0-%. The City does not currently assess property taxes but meets any debt obligations through sales tax receipts and other general revenues along with electric, water and sewer revenues.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The City's elected and appointed officials considered many factors when determining the projected revenues from various sources and expenditures for the fiscal year 2023-2024 budget. As always, the main responsibility is to manage public funds wisely while planning for long-term growth in the community. City officials have been conservative in projecting revenues and expenditures for the 2023-2024 budget due to the uncertainty of economic trends in the national and local economies.

The General Fund's largest revenue source continues to be sales tax receipts since the City has not levied an ad valorem tax since 1988. Currently, sales tax revenue accounts for approximately 15.18% of the City's total annual operating revenue. For the fiscal year ending September 30, 2023, we are happy to report that our sales tax revenue increased by 5.60%. The City also has in place an "Unassigned Fund Balance Policy" for the General Fund that calls for periodic transfers from the Enterprise Fund to the General Fund (franchise fees) in order to provide continued stability in its cash flow as seasonal shortfalls and unanticipated expenditures occur.

As for the City's business-type activities, fees for electric, water and sewer services account for about 71.05% of the City's total annual operating revenue. The beginning of fiscal 2024 has been very encouraging for the City. There has been an increase of new commercial activity which hopefully will produce additional sales tax revenue, development fees, utility service fees and employment opportunities.

The City strives to provide an effective, cost-efficient range of services which the citizens have come to expect. To do so, requires the administrative staff to be especially resourceful in developing new revenue sources to fund the expanded range of services. The City Council and management staff are committed to the general philosophy of "pay as you go". In general, the City provides services (general government, public safety, streets, parks and recreation, library and utilities) at a cost per capita that is comparable to or below other communities with similar demographic and economic characteristics. As the City moves forward into 2024, the City Council and management staff will continually reevaluate and revise, if necessary, the initiatives based upon the financial condition of the community.

## **CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide the citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the office of the City Manager at City of Livingston, 200 West Church Street, Livingston, Texas 77351-3281.

## **BASIC FINANCIAL STATEMENTS**

**CITY OF LIVINGSTON, TEXAS**  
**GOVERNMENT-WIDE STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2023**

	<b>PRIMARY GOVERNMENT</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash	\$ 6,412,015	\$ 3,431,371	\$ 9,843,386
Investments	-	32,828,133	32,828,133
Receivables:			
Returned checks receivable	-	3,598	3,598
Paving accounts receivable	17,277	-	17,277
Taxes receivable	899,587	-	899,587
Utility accounts receivable	-	2,074,720	2,074,720
Restricted assets - cash	-	1,020,633	1,020,633
Capital assets (net of accumulated depreciation):			
Land	476,004	694,222	1,170,226
Buildings and improvements	3,126,436	507,665	3,634,101
Equipment and fixtures	1,812,230	553,667	2,365,897
Paving, sidewalks and streets	3,476,896	-	3,476,896
Parks development	888,440	-	888,440
Airport improvements	270,250	-	270,250
Electrical system	-	11,021,968	11,021,968
Water system	-	13,645,685	13,645,685
Sewer system	-	8,339,141	8,339,141
Water service contract rights	-	16,400,000	16,400,000
Total Assets	<u>17,379,135</u>	<u>90,520,803</u>	<u>107,899,938</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Amounts related to pensions and other post postemployment benefits			
Contributions after December 31, 2022	439,062	185,043	624,105
Difference in experience	<u>1,987,529</u>	<u>961,701</u>	<u>2,949,230</u>
Total Deferred Outflows of Resources	<u>2,426,591</u>	<u>1,146,744</u>	<u>3,573,335</u>
Combined Assets and Deferred Outflows of Resources	<u>\$ 19,805,726</u>	<u>\$ 91,667,547</u>	<u>\$ 111,473,273</u>

See accompanying notes to financial statements

**CITY OF LIVINGSTON, TEXAS**  
**GOVERNMENT-WIDE STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2023**

	<b>PRIMARY GOVERNMENT</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b><u>LIABILITIES</u></b>			
Accounts payable	\$ 397,528	\$ 2,464,336	\$ 2,861,864
Meter deposits	-	708,604	708,604
Contracts payable-due within one year	-	810,000	810,000
Noncurrent Liabilities Due in More Than One Year:			
Net pension liability	3,848,210	1,862,024	5,710,234
Other post employment benefit liability	238,148	-	238,148
Contracts payable	-	15,590,000	15,590,000
Total Liabilities	<u>4,483,886</u>	<u>21,434,964</u>	<u>25,918,850</u>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>			
Amounts related to other post employment benefits			
Difference in assumptions	52,063	-	52,063
Amounts related to grants	-	437,570	437,570
Total Deferred Inflows of Resources	<u>52,063</u>	<u>437,570</u>	<u>489,633</u>
Combined Liabilities and Deferred Inflows of Resources	<u>4,535,949</u>	<u>21,872,534</u>	<u>26,408,483</u>
<b><u>NET POSITION</u></b>			
Net investment in capital assets	10,050,256	34,762,348	44,812,604
Restricted for:			
System improvements	-	500,844	500,844
Library Memorials	36,410	-	36,410
Debt service	-	519,789	519,789
Unrestricted	<u>5,183,111</u>	<u>34,012,032</u>	<u>39,195,143</u>
Total Net Position	<u>\$ 15,269,777</u>	<u>\$ 69,795,013</u>	<u>\$ 85,064,790</u>

See accompanying notes to financial statements

**CITY OF LIVINGSTON, TEXAS**  
**GOVERNMENT-WIDE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

		Program Revenues		
		Charges for	Capital	Operating
	Expenses	Services	Grants and	Grants and
			Contributions	Contributions
<b><u>FUNCTIONS/PROGRAMS</u></b>				
Governmental activities:				
Administrative	\$ 703,695	\$ 225,022	\$ -	20,028
Sanitation	1,093,109	1,417,853	-	-
Fire	655,920	-	-	46,398
Police	3,278,120	499,764	-	26,795
Paving and street	1,635,698	14,186	-	-
Parks and recreation	1,301,892	128,316	-	-
Library	655,649	21,677	14,250	-
Garage	442,837	-	-	-
Total governmental activities	<u>9,766,920</u>	<u>2,306,818</u>	<u>14,250</u>	<u>93,221</u>
Business-type activities:				
Electric, water and sewer	<u>17,073,521</u>	<u>25,762,975</u>	<u>863,891</u>	-
Total business-type activities	<u>17,073,521</u>	<u>25,762,975</u>	<u>863,891</u>	-
Total primary government	<u>\$ 26,840,441</u>	<u>\$ 28,069,793</u>	<u>\$ 878,141</u>	<u>\$ 93,221</u>
General revenues:				
Taxes				
Sales taxes				
Franchise taxes				
Hotel/Motel taxes				
Unrestricted investment earnings				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position-beginning				
Net position-ending				

See accompanying notes to financial statements

**Net (Expense) Revenue and Changes in Net Position**

<b><u>Governmental Activities</u></b>	<b><u>Business-Type Activities</u></b>	<b><u>Total</u></b>
\$ (458,645)	\$ -	\$ (458,645)
324,744	-	324,744
(609,522)	-	(609,522)
(2,751,561)	-	(2,751,561)
(1,621,512)	-	(1,621,512)
(1,173,576)	-	(1,173,576)
(619,722)	-	(619,722)
(442,837)	-	(442,837)
<u>(7,352,631)</u>	<u>-</u>	<u>(7,352,631)</u>
<u>-</u>	<u>9,553,345</u>	<u>9,553,345</u>
<u>-</u>	<u>9,553,345</u>	<u>9,553,345</u>
<u>(7,352,631)</u>	<u>9,553,345</u>	<u>2,200,714</u>
5,505,516	-	5,505,516
161,274	-	161,274
350,045	-	350,045
29,694	1,174,163	1,203,857
<u>2,759,070</u>	<u>(2,759,070)</u>	<u>-</u>
<u>8,805,599</u>	<u>(1,584,907)</u>	<u>7,220,692</u>
1,452,968	7,968,438	9,421,406
13,816,809	61,826,575	75,643,384
<u>\$ 15,269,777</u>	<u>\$ 69,795,013</u>	<u>\$ 85,064,790</u>

See accompanying notes to financial statements



**CITY OF LIVINGSTON, TEXAS  
GOVERNMENTAL FUND  
BALANCE SHEET  
SEPTEMBER 30, 2023**

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	<u><b>General</b></u>
<u><b>ASSETS</b></u>	
Cash	\$ 6,412,015
Receivables:	
Paving accounts receivable	17,277
Taxes receivable	<u>899,587</u>
Total Assets	<u>\$ 7,328,879</u>
<u><b>LIABILITIES</b></u>	
Accounts payable	\$ 397,528
Total Liabilities	<u>397,528</u>
<u><b>FUND BALANCES</b></u>	
Restricted for:	
Library Memorials	36,410
Unassigned	<u>6,894,941</u>
Total Fund Balances	<u>6,931,351</u>
Total Liabilities and Fund Balances	<u>\$ 7,328,879</u>

Amounts reported for governmental activities in the statement of net position are different because:

- Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds
- Deferred outflows of resources related to pensions for contributions after the plan's year end and actual compared to projected investment and plan experience
- Net pension liability
- Net other post employment benefits
- Deferred inflows of resources related to other post employment benefits for difference in plan experience, investment returns, and assumptions

Net position of governmental activities

**Total  
Governmental  
Fund**

---

\$ 6,412,015

17,277  


---

899,587

\$ 7,328,879

\$ 397,528

---

397,528

---

36,410  


---

6,894,941

6,931,351

10,050,256

2,426,591

(3,848,210)  
(238,148)

(52,063)

\$ 15,269,777

See accompanying notes to financial statements

**CITY OF LIVINGSTON, TEXAS  
GOVERNMENTAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	<b>General</b>	<b>Total Governmental Fund</b>
<b><u>REVENUES</u></b>		
Taxes:		
Sales taxes	\$ 5,505,516	\$ 5,505,516
Franchise taxes	161,274	161,274
Hotel/Motel taxes	350,045	350,045
Licenses and permits	162,304	162,304
Charges for service	1,601,841	1,601,841
Fines and forfeitures	499,035	499,035
Miscellaneous	181,391	181,391
Total Revenues	<u>8,461,406</u>	<u>8,461,406</u>
<b><u>EXPENDITURES</u></b>		
Current:		
Administrative	673,949	673,949
Sanitation	1,092,989	1,092,989
Fire	636,349	636,349
Police	3,245,238	3,245,238
Paving and street	1,193,576	1,193,576
Parks and recreation	1,522,916	1,522,916
Library	543,942	543,942
Garage	423,349	423,349
Total Expenditures	<u>9,332,308</u>	<u>9,332,308</u>
Excess of revenues under expenditures	<u>(870,902)</u>	<u>(870,902)</u>
<b>OTHER FINANCING SOURCES (USES)</b>		
Transfers in	<u>2,759,070</u>	<u>2,759,070</u>
Total other financing sources	<u>2,759,070</u>	<u>2,759,070</u>
Net change in fund balances	1,888,168	1,888,168
Fund Balances - beginning	<u>5,043,183</u>	<u>5,043,183</u>
Fund Balances - ending	<u>\$ 6,931,351</u>	<u>\$ 6,931,351</u>

See accompanying notes to financial statements

**CITY OF LIVINGSTON, TEXAS  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUND  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

---

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

Net changes in fund balances - total governmental fund	\$ 1,888,168
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.	(145,381)
Change in the net pension liability reported as an increase in pension expense in the statement of activities	(290,182)
Change in the net other post employment benefits reported as a decrease in employee insurance expense in the statement of activities	<u>363</u>
Changes in net position of governmental activities	<u>\$ 1,452,968</u>

See accompanying notes to financial statements

**CITY OF LIVINGSTON, TEXAS  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET (GAAP BASIS) AND ACTUAL  
YEAR ENDED SEPTEMBER 30, 2023**

	<b>Budgeted Amounts GAAP Basis</b>		
	<b>Original</b>	<b>Revisions</b>	<b>Final</b>
<b><u>REVENUES</u></b>			
Taxes:			
Sales taxes	\$ 5,473,000	\$ 127,394	\$ 5,600,394
Franchise taxes	152,000	-	152,000
Hotel/Motel taxes	367,500	(22,500)	345,000
Licenses and permits	183,000	(3,215)	179,785
Charges for service	1,644,500	(15,670)	1,628,830
Fines and forfeitures	533,000	244,727	777,727
Miscellaneous	128,100	29,006	157,106
Total Revenues	<u>8,481,100</u>	<u>359,742</u>	<u>8,840,842</u>
<b><u>EXPENDITURES</u></b>			
Current:			
Administrative	844,000	(222,780)	621,220
Sanitation	963,000	(55,000)	908,000
Fire	1,477,800	(764,676)	713,124
Police	3,275,000	183,588	3,458,588
Paving and street	2,435,000	(53,692)	2,381,308
Parks and recreation	1,710,500	(257,322)	1,453,178
Library	526,000	13,355	539,355
Garage	590,500	(176,613)	413,887
Total Expenditures	<u>11,821,800</u>	<u>(1,333,140)</u>	<u>10,488,660</u>
Deficiency of revenues (over) under expenditures	<u>(3,340,700)</u>	<u>1,692,882</u>	<u>(1,647,818)</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>			
Transfers in	<u>2,486,700</u>	<u>367,500</u>	<u>2,854,200</u>
Total other financing sources (uses)	<u>2,486,700</u>	<u>367,500</u>	<u>2,854,200</u>
Excess of revenues and other financing sources over expenditures and other uses	<u>\$ (854,000)</u>	<u>\$ 2,060,382</u>	<u>\$ 1,206,382</u>
Fund balance at beginning of year			
Fund balance at end of year			

See accompanying notes to financial statements

<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
\$ 5,505,516	\$ (94,878)
161,274	9,274
350,045	5,045
162,304	(17,481)
1,601,841	(26,989)
499,035	(278,692)
181,391	24,285
<u>8,461,406</u>	<u>(379,436)</u>
673,949	(52,729)
1,092,989	(184,989)
636,349	76,775
3,245,238	213,350
1,193,576	1,187,732
1,522,916	(69,738)
543,942	(4,587)
423,349	(9,462)
<u>9,332,308</u>	<u>1,156,352</u>
<u>(870,902)</u>	<u>776,916</u>
2,759,070	(95,130)
<u>2,759,070</u>	<u>(95,130)</u>
1,888,168	<u>\$ 681,786</u>
<u>5,043,183</u>	
<u><u>\$ 6,931,351</u></u>	

See accompanying notes to financial statements

**CITY OF LIVINGSTON, TEXAS**  
**STATEMENT OF NET POSITION PROPRIETARY FUNDS**  
**SEPTEMBER 30, 2023**

	<u><b>Business-Type Activities - Enterprise Fund</b></u>
	<u><b>Electric Water and Sewer</b></u>
<b>ASSETS</b>	
Current assets:	
Cash	\$ 3,431,371
Investments	32,828,133
Restricted assets	
Cash in bank, water and sewer system improvements	500,844
Cash in bank, reserve fund	519,789
Receivables:	
Returned checks receivable	3,598
Utility accounts receivable	2,074,720
Total current assets	<u>39,358,455</u>
Noncurrent assets:	
Capital assets:	
Land	694,222
Building and improvements	810,448
Equipment and fixtures	3,337,031
Electrical system	13,584,632
Water system	17,836,570
Sewer system	12,426,937
Water service contract rights	16,400,000
	<u>65,089,840</u>
Less accumulated depreciation	<u>(13,927,492)</u>
Net capital assets	<u>51,162,348</u>
Total Assets	<u>90,520,803</u>
Deferred outflows of resources:	
Amounts related to pensions	
Contributions after December 31, 2022	185,043
Difference in experience	961,701
	<u>1,146,744</u>
Total Deferred Outflows of Resources	<u>1,146,744</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 91,667,547</u>

See accompanying notes to financial statements

**CITY OF LIVINGSTON, TEXAS**  
**STATEMENT OF NET POSITION PROPRIETARY FUNDS**  
**SEPTEMBER 30, 2023**

	<u><b>Business-Type Activities - Enterprise Fund</b></u>
	<u><b>Electric Water and Sewer</b></u>
<u><b>LIABILITIES</b></u>	
Current liabilities:	
Accounts payable	\$ 2,464,336
Meter deposits	708,604
Contracts payable	810,000
Total current liabilities	<u>3,982,940</u>
Noncurrent liabilities due in more than one year:	
Net pension liability	1,862,024
Contracts payable	15,590,000
Total noncurrent liabilities	<u>17,452,024</u>
Total liabilities	<u>21,434,964</u>
Deferred inflows of resources:	
Amounts related to pensions	
Amounts related to grants	<u>437,570</u>
Total Deferred Inflows of Resources	<u>437,570</u>
Total Liabilities and Deferred Inflows of Resources	<u>21,872,534</u>
<u><b>NET POSITION</b></u>	
Net investment in capital assets	34,762,348
Restricted for water and sewer system improvements	500,844
Restricted for Trinity River Authority contracts payable	519,789
Unrestricted	<u>34,012,032</u>
Total Net Position	<u>\$ 69,795,013</u>

See accompanying notes to financial statements



**CITY OF LIVINGSTON, TEXAS**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	<u><b>Business-Type Activities - Enterprise Fund</b></u>
	<u><b>Electric Water and Sewer</b></u>
<u>Operating revenues</u>	
Charges for sales and services:	
Electricity sales	\$ 11,787,552
Water sales	3,471,768
Sewer service charges	2,534,631
Penalties, utilities	181,863
Water tapping fees	14,813
Sewer tapping fees	8,000
Recoveries, electrical	7,480,982
Recoveries, water	116,570
Grants	863,891
Revenue, night lights	96,255
Service fees	70,541
Total Operating Revenues	<u>26,626,866</u>
<u>Operating expenses</u>	
Light and Power Department	9,819,268
Water Department	5,360,969
Sewer Department	1,080,900
Depreciation	812,384
Total Operating Expenses	<u>17,073,521</u>
Operating Income	9,553,345
Non-operating revenues:	
Interest income	<u>1,174,163</u>
Income Before Transfers and Special Item	10,727,508
Transfers Out	<u>(2,759,070)</u>
Change in net position	7,968,438
Total net position - beginning	<u>61,826,575</u>
Total net position - ending	<u><u>\$ 69,795,013</u></u>

See accompanying notes to financial statements

**CITY OF LIVINGSTON, TEXAS  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

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	<u><b>Business-Type Activities - Enterprise Fund</b></u>
	<u><b>Electric Water and Sewer</b></u>
Cash flows from operating activities:	
Cash received from customers	\$ 26,602,454
Cash payments to suppliers for goods and services	(13,998,936)
Cash payments to employees for services	<u>(1,631,111)</u>
Net cash provided by operating activities	<u>10,972,407</u>
Cash flows from noncapital financing activities:	
Transfers to other funds	<u>(2,759,070)</u>
Net cash used by noncapital financing activities	<u>(2,759,070)</u>
Cash flows from capital and related financing activities:	
Acquisition of capital assets	<u>(4,787,658)</u>
Net cash used for capital and related financing activities	<u>(4,787,658)</u>
Cash flows from investing activities:	
Sale of certificate of deposit	5,000,000
Purchase of investments	(12,696,653)
Interest on cash and investments	<u>1,174,163</u>
Net cash used by investing activities	<u>(6,522,490)</u>
Net Change in Cash and Cash Equivalents	(3,096,811)
Cash and Cash Equivalents at Beginning of Year	<u>7,548,815</u>
Cash and Cash Equivalents at End of Year	<u>\$ 4,452,004</u>

(Continued)

**CITY OF LIVINGSTON, TEXAS  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

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	<u><b>Business-Type Activities - Enterprise Fund</b></u>
	<u><b>Electric Water and Sewer</b></u>
Reconciliation of income from operations to net cash provided by operating activities:	
Income from operations	\$ 9,553,345
Adjustments to reconcile operating net income to net cash provided by operating activities:	
Depreciation	812,384
Change in operating assets and liabilities:	
Returned checks receivable	23,144
Utility accounts receivable	(106,884)
Deferred outflows	(953,083)
Accounts payable	1,393,778
Meter deposits	59,329
Net pension liability	1,647,295
Deferred inflows	<u>(1,456,901)</u>
Total adjustments	<u>1,419,062</u>
Net cash provided by operating activities	<u>\$ 10,972,407</u>
Reconciliation of total cash and cash investments:	
Unrestricted	\$ 3,431,371
Restricted	
Cash in bank, water and sewer system improvements	500,844
Cash in bank, reserve fund	<u>519,789</u>
Total cash and cash equivalents	<u>\$ 4,452,004</u>
	(Concluded)

See accompanying notes to financial statements

## **NOTES TO THE BASIC FINANCIAL STATEMENTS**

**CITY OF LIVINGSTON, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

The accounting and reporting policies of the City relating to the funds included in the accompanying basic financial statements conform to accounting principles generally accepted in the United States of America applicable to state and local governments. Generally accepted accounting principles (GAAP) for local governments are those principles prescribed by the Governmental Accounting Standards Board (GASB), which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The following notes are organized to provide explanations, including required disclosures, of the City's financial activities for the fiscal year ended September 30, 2023.

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

Financial Reporting Entity

The City's basic financial statements include the accounts of all City operations. The criteria for including organizations as component units within the City's reporting entity as set forth in Section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting Standards include whether: the organization is legally separate (can sue and be sued in their own name); the City holds the corporate powers of the organization; the City appoints a voting majority of the organization's board; the City is able to impose its will on the organization; the organization has the potential to impose a financial benefit/burden on the City; or there is fiscal dependency by the organization on the City. Based upon the application of these criteria, no other agencies or authorities are included in the financial statements of the City.

Basis of Presentation

The government-wide financial statements (the statement of net position and the statement of changes in net position) report information on all the activities of the City. The effect of interfund activity, within the governmental and business-type activities columns has been removed from these statements. Government activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

## **NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)**

### Fund Financial Statements

The City segregates transactions related to certain functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Separate statements are presented for governmental and proprietary activities. These statements present each major fund as a separate column on the fund financial statements.

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses, and balance of current financial resources. The City has presented the following major governmental fund:

General Fund - The General Fund is the main operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid from the General Fund.

Proprietary funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are determinations of net income, financial position, and cash flow. All assets and liabilities are included on the Statement of Net Position. The City has presented the following proprietary fund:

Electric, Water and Sewer Fund - The Electric, Water and Sewer Fund is used to account for the provision of electricity, water, and sewer services to the residents of the City. Activities of the fund include administration, operations, and maintenance of the electric, water and sewer system and billing and collection activities. All costs are financed through charges to utility customers with rates reviewed regularly and adjusted if necessary, to ensure integrity of the fund.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for the proprietary funds include the cost of personnel and contractual services, supplies and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

### Measurement Focus/Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide statements and fund financial statements for the proprietary fund are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net position and the operating statements present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized when earned, including unbilled electric, water, and sewer services which are accrued. Expenses are recognized at the time the liability is incurred.

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)**

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual, i.e., when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City considers property taxes (which are currently not assessed by the City) as available if they are collected within 60 days after year end. A 60-day availability period is used for recognition of all other governmental fund revenues, as well. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures are recorded only when payment is due.

The revenues susceptible to accrual are property taxes, franchise fees, licenses, charges for service, and interest income. Sales taxes collected and held by the state at year end on behalf of the City are also recognized as revenue. All other governmental fund revenues are recognized when received.

**Capital Assets**

Capital assets, which include property, plant, equipment, infrastructure assets, and certain intangible assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements of the proprietary fund. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their acquisition value on the date donated. Repairs and maintenance are recorded as expenses. Renewal and betterments are capitalized. Interest has not been capitalized during the construction period on property, plant, and equipment.

Assets capitalized, not including infrastructure assets, have an original cost of \$1,000 or more and over three years of useful life. Infrastructure assets capitalized have an original cost of \$5,000 or more. Depreciation has been calculated on each class of depreciable property using the straight-line method. The estimated useful lives are as follows:

Buildings	20-50 years
Utility plant	67 years
Machinery and Equipment	5-15 years
Infrastructure	20-35 years
Improvements	20 years

GAAP requires the City to report and depreciate infrastructure assets which include roads, bridges, underground pipe (other than related to utilities), traffic signals, etc. These infrastructure assets are one of the largest asset classes of the City.

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)**

Budgetary Control

A separate legally adopted budget is prepared for all governmental and proprietary funds for the City that demonstrates legal compliance at the legal level of budgetary control.

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

- (1) The proposed operating budget for the upcoming fiscal year beginning October 1 is submitted to the City Council by no later than September 1 of the current fiscal year. The operating budget includes proposed expenditures and the means of financing them for the upcoming year, along with estimates for the current year and actual data for the preceding year. The budget is submitted in summary form with more detailed line item budgets included for administrative control. The level of control for the detailed budgets is at the department head/function level.
- (2) A public hearing is conducted for comments regarding the proposed budget.
- (3) Prior to September 30, the budget is legally enacted through passage of an ordinance.
- (4) Budgetary control is maintained on an on-going basis for all City budgeted funds, including General, and Electric, Water and Sewer Funds.
- (5) Budgets for the General, and Electric, Water and Sewer Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).
- (6) Budgeted amounts are subject to revision in September of each year by the City Council. Amounts provided in budget comparisons in the financial statements are as originally adopted or as legally amended during the year, except for amendments of \$5,000 or less. The City Manager may amend the budget within and among departments; however, any revisions that alter the total departmental expenditures/expenses by more than \$5,000 must be approved by the City Council.

The budget was amended September 1, 2023 to reflect additional appropriations approved during the year by the City Council. Certain individual amendments were material in relation to the original appropriations which were amended.

The Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual – General Fund presents a comparison of budgetary data to actual results.

Investments

The City invests in certain money market funds that are presented at fair value and in an external investment pool whose assets are valued at amortized cost. The external investment pool is presented at net asset value.



## **NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)**

### Nature and Purposes of Restrictions of Fund Balance

The City, by bond indenture or terms of grant agreements, has funds that can be used only for various capital projects or are required to be set aside to meet bond obligations. In addition, certain funds are restricted by donors to be used for library memorials. These amounts are presented as restricted fund balances in the governmental fund and the proprietary fund. It is the City's policy to utilize restricted fund balances first when an expense is incurred for purposes for which both restricted and unrestricted fund balances are available.

### Pensions and Other Postemployment Benefits

For purposes of measuring the net pension liability and the total liability for other postemployment benefits (OPEB), deferred outflows and inflows of resources related to pensions and OPEB, and pension and death benefit expense, information about the Fiduciary Net Position of the Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with benefit terms. TMRS investments are reported at fair value.

### Net Position

Net position represents the difference between assets and liabilities. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back any unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

### Property Tax Revenues

Property taxes are levied on October 1 based on the assessed value of property as listed on the previous January 1. Assessed values approximate market value. A revaluation of all real property must be made every year. The last revaluation date was January 1, 2023.

Property taxes are recognized as revenue when they are levied because they are considered to be both measurable and available. Proper allowances are made for estimated uncollectible accounts and delinquent accounts.

Due to increased sales tax revenues, property tax assessments were discontinued for fiscal years after September 30, 1988. (See Note 4).

### Compensated Absences

City employees are entitled to certain compensated absences based on their length of employment. With minor exceptions, compensated absences do not vest or accumulate and are recorded as expenditures when they are paid.

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)**Statement of Cash Flows

For purposes of the Statement of Cash Flows, the Electric, Water and Sewer Fund considers all cash and certificates of deposit (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents. It is the City's policy to not report short-term highly liquid investments as cash equivalents.

Interfund Transactions

Interfund transactions are treated as follows:

Transactions that would be treated as revenues, expenditures, or expenses if they involved organizations external to the City are similarly treated when involving funds of the City. The City did not have any transactions that fell into this category.

Transfers from funds receiving revenues to funds through which the resources are to be expended are classified as transfers. Major transactions that fall into this category include transfers to the General Fund from the Electric, Water and Sewer Fund.

Transfers In and Out

The following is a summary of interfund transfers for the year ended September 30, 2023:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$ 2,759,070	\$ -
Electric, Water and Sewer Fund	<u>-</u>	<u>2,759,070</u>
Total	<u>\$ 2,759,070</u>	<u>\$ 2,759,070</u>

Transfers were made from the Electric, Water and Sewer Fund to the General Fund to compensate for general revenue shortfalls.

**NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:**Custodial Credit Risk - Deposits

State statutes require that the City's deposits be collateralized by securities held in the name of the City by the trust department of a bank that does not hold the collateralized deposits. The City remained in compliance with this requirement during the year.

**NOTE 3 DEPOSITS AND INVESTMENTS:**

Investments at September 30, 2023 and 2022 include certificates of deposit, money market funds, and a fixed income external investment pool. Investments are reported at fair value except for the external investment pool, which is reported at net asset value. There are no withdrawal constraints on any of the investments.

The City categorizes its fair value measurements within the fair value hierarchy as established by generally accepted accounting principles. These principles recognize a three-tiered fair value hierarchy as follows:

Level 1: Investments with values based on quoted prices (unadjusted) for identical assets in active markets at the measurement date. Money market funds are valued using quoted prices.

Level 2: Investments with inputs – other than quoted prices included within Level 1- that are observable for an asset, either directly or indirectly.

Level 3: Investments with unobservable inputs for an asset that may require a degree of professional judgment.

As of September 30, 2023 and 2022, the City had the following investments:

September 30, 2023

Investment Type	Cost	Fair Value	Level	Weighted Average Maturity (Years)
Vanguard Federated Money Market Funds	\$ 15,883,690	\$ 15,883,690	1	N/A
Total Fair Value	<u>\$ 15,883,690</u>	<u>\$ 15,883,690</u>		
Investments measured at net asset value (NAV):		NAV		
Texas Class Government Investment Pool		<u>\$ 16,944,443</u>		

September 30, 2022

Investment Type	Cost	Fair Value	Level	Weighted Average Maturity (Years)
Vanguard Federated Money Market Funds	\$ 10,057,437	\$ 10,057,437	1	
Non-Pooled Certificates of Deposit	<u>5,000,000</u>	<u>5,000,000</u>	2	0.163
Total Fair Value	<u>\$ 15,057,437</u>	<u>\$ 15,057,437</u>		
Investments measured at net asset value (NAV):		NAV		
Texas Class Government Investment Pool		<u>\$ 10,074,043</u>		

There were no transfers in/out of the fair value hierarchy during the years ended September 30, 2023 and 2022.

### **NOTE 3    DEPOSITS AND INVESTMENTS: (CONTINUED)**

#### Valuation Techniques

The investments in the Texas Class Government Investment Pool (the Pool) are measured at amortized cost and the Pool is reported at net asset value. The Pool invests in U.S. government securities with a maturity of 60 days or less. The City has no unfunded commitments to the Pool and the investment may be redeemed on demand similar to money market funds at \$1 per share. Vanguard money market funds are valued based on quoted market prices. Certificates of deposit, which are considered level 2, are valued using pricing models and redemption values for similar assets.

#### Interest Rate Risk

In accordance with its investment policy, the City manages its exposure to declines in fair values by limiting the weighted average maturity of its investments to five years or less.

#### Credit Risk-Investments

The City is restricted by state statute to investments which include obligations of the U.S. Government and its agencies, obligations of the State of Texas and its agencies, obligations of other states, cities, and counties having at least an "A" rating, common trust funds of banks domiciled in Texas, certificates of deposit, and repurchase agreements. At September 30, 2023 the City was in compliance with the above requirements.

#### Custodial Credit Risk – Investments

The investments of the City may be held in the name of agents, nominees, depository trust companies, or other custodians designated by the City. The certificates of deposit are either fully insured or collateralized by securities held in the City of Livingston's name. All investment securities were registered and held in the City's name with the respective custodians.

### **NOTE 4    PROPERTY TAXES:**

The county assessor/collector's office collects property taxes assessed by the City in accordance with the City's enabling legislation.

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on October 1 and are due and payable at that time. All unpaid taxes levied October 1 become delinquent February 1 of the following year.

All property taxes at the fund level are recorded as receivables and deferred revenues at the time the taxes are assessed. Revenues are recognized as the related ad valorem taxes are collected. Additional amounts estimated to be collectible in time to be a resource for payment of obligations incurred during the fiscal year and therefore susceptible to accrual in accordance with generally accepted accounting principles have been recognized as revenue.

The City had no property taxes receivable as of September 30, 2023.

**NOTE 4    PROPERTY TAXES: (CONTINUED)**

The City increased sales tax rates by 1/2 cent beginning January 1, 1988. Due to the resultant increase in sales tax revenue, the City determined it unnecessary to assess property taxes for fiscal years beginning after September 30, 1988. All budgeted expenditures previously met through property taxes are being liquidated through the increased sales tax.

The City did not assess ad valorem taxes for 2023.

**NOTE 5    DETAIL OF COMBINED ITEMS:**

The detail of items combined in the reconciliation of the statement of revenues, expenditures, and changes in fund balances of governmental funds to the statement of activities are as follows for the year ended September 30, 2023:

Governmental funds capital outlays	\$ 1,118,611
Governmental funds depreciation expense	<u>(1,263,992)</u>
Amount by which depreciation exceeded capital outlays	<u>\$ (145,381)</u>
 Pension Expense based on contributions	 \$570,101
Pension Expense based on change in net pension liability	<u>(860,283)</u>
Amount by which pension expense exceeded pension contributions	<u>\$ (290,182)</u>
 OPEB Expense based on contributions	 \$20,207
OPEB Expense based on change in liability	<u>(19,844)</u>
Amount by which OPEB contributions exceeded OPEB expense	<u><u>\$ 363</u></u>

**NOTE 6 CAPITAL ASSETS:**

Capital asset activity for the year ended September 30, 2023 was as follows:

	(1) Balance October 1, 2022	Additions	Retirements/ Adjustments	Balance September 30, 2023
Governmental Activities:				
Capital assets not being depreciated				
Land	\$ 476,004	\$ -	\$ -	\$ 476,004
Capital assets being depreciated				
Building and Improvements	7,040,253	157,534	-	7,197,787
Equipment and Fixtures	8,179,100	557,310	-	8,736,410
Paving, Sidewalks and Streets	18,358,190	187,340	-	18,545,530
Parks Development	3,987,513	11,406	-	3,998,919
Airport Improvements	762,207	205,021	-	967,228
Total capital assets being depreciated	38,327,263	1,118,611	-	39,445,874
Less accumulated depreciation for:				
Buildings and Improvements	(3,858,804)	(212,547)	-	(4,071,351)
Equipment and Fixtures	(6,485,069)	(439,111)	-	(6,924,180)
Paving, Sidewalks and Streets	(14,517,425)	(551,209)	-	(15,068,634)
Parks Development	(3,064,870)	(45,609)	-	(3,110,479)
Airport Improvements	(681,462)	(15,516)	-	(696,978)
Total accumulated depreciation	(28,607,630)	(1,263,992)	-	(29,871,622)
Total capital assets being depreciated, net	9,719,633	(145,381)	-	9,574,252
Governmental activities capital assets, net	\$ 10,195,637	\$ (145,381)	\$ -	\$ 10,050,256

**NOTE 6 CAPITAL ASSETS: (CONTINUED)**

	Balance October 1, 2022	Additions	Retirements/ Adjustments	Balance September 30, 2023
Business-type Activities:				
Capital assets not being depreciated				
Land	\$ 694,222	\$ -	\$ -	\$ 694,222
Water Service Contract Rights	17,190,000	-	790,000	16,400,000
	<u>17,884,222</u>	<u>-</u>	<u>790,000</u>	<u>17,094,222</u>
Capital assets being depreciated				
Building and Improvements	629,836	180,612	-	810,448
Equipment and Fixtures	3,260,243	76,789	-	3,337,032
Electrical System	11,575,446	2,009,186	-	13,584,632
Water System	16,598,986	1,237,584	-	17,836,570
Sewer System	11,143,450	1,283,486	-	12,426,936
Total capital assets being depreciated	<u>43,207,961</u>	<u>4,787,657</u>	<u>-</u>	<u>47,995,618</u>
Less accumulated depreciation for:				
Building and Improvements	(281,704)	(21,079)	-	(302,783)
Equipment and Fixtures	(2,617,950)	(165,415)	-	(2,783,365)
Electrical System	(2,371,783)	(190,882)	1	(2,562,664)
Water System	(3,932,628)	(258,257)	-	(4,190,885)
Sewer System	<u>(3,911,044)</u>	<u>(176,751)</u>	<u>-</u>	<u>(4,087,795)</u>
Total accumulated depreciation	<u>(13,115,109)</u>	<u>(812,384)</u>	<u>1</u>	<u>(13,927,492)</u>
Total capital assets being depreciated, net	<u>30,092,852</u>	<u>3,975,273</u>	<u>(1)</u>	<u>34,068,126</u>
Business-type activities capital assets, net	<u>\$ 47,977,074</u>	<u>\$ 3,975,273</u>	<u>\$ 789,999</u>	<u>\$ 51,162,348</u>

GAAP requires that interest expenditures incurred during construction of assets be capitalized. GAAP also concludes that constructed assets financed with the proceeds of tax-exempt debt (if those funds are externally restricted to finance the acquisitions of the asset or used to service the related debt) should include capitalized interest only to the extent that interest cost exceeds interest earned on related interest-bearing investments acquired with proceeds of the related tax-exempt borrowing. During 2023, net interest costs were not capitalized because there were no interest expenditures related to constructed assets.

**NOTE 6 CAPITAL ASSETS: (CONTINUED)**

Depreciation expense was charged as direct expense to programs of the primary government as follows:

Governmental Activities	
Administrative	\$ 65,006
Sanitation	120
Fire	74,681
Police	157,483
Paving and street	650,730
Parks and recreation	146,859
Library	133,440
Garage	35,673
Governmental Activities	<u>\$ 1,263,992</u>
Business-type activities	
Electric, Water and Street	<u>\$ 812,384</u>

The City had no active construction projects as of September 30, 2023, but has plans for spending up to \$733,000 for a new firetruck and equipment, \$1,076,000 for police equipment and vehicles, \$1,130,000 for street improvements, \$1,372,000 for parks improvements, \$78,000 for garage vehicle and tools, and \$3,053,000 for electric, water and sewer system improvements in 2024.

**NOTE 7 PENSION PLAN:**Plan Description

The City provides pension benefits for all of its full-time employees through a nontraditional, joint contributory hybrid, defined benefit plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at [www.tmrs.com](http://www.tmrs.com). All eligible employees of the City are required to participate in TMRS.

Benefits Provided

TMRS provides retirement, disability, and death benefits. The plan provisions that have been adopted by the City are within the options available in the governing state statutes of TMRS.



**NOTE 7 PENSION PLAN: (CONTINUED)**

Benefits depend upon the sum of the employee's contributions to the Plan, with interest, and the City-financed monetary credits, with interest. At the date the Plan began, the City granted monetary credits for service rendered before the plan began of a theoretical amount at least equal to two times what would have been contributed by the employee, with interest (3% annual), prior to establishment of the Plan. Monetary credits for service since the plan began are a percent (200%) of the employee's accumulated contributions. In addition, the City can grant, as often as annually, another type of monetary credit referred to as an updated service credit which is a theoretical amount which, when added to the employee's accumulated contributions and the monetary credits for service since the Plan began, would be the total monetary credits and employee contributions accumulated with interest if the current employee contribution rate and City matching percent had always been in existence and if the employee's salary had always been the average of his salary in the last three years that are one year before the effective date. At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and the employer-financed monetary credits with interest were used to purchase an annuity.

Members can retire at age 60 and above with 10 or more years of service or with 25 years of service regardless of age. A member is vested after 10 years.

The TMRS Board determined that the Entry Age Normal Cost method should be used effective December 31, 2013, which produces contribution rates that are more predictable and that exhibit less volatility than those produced under the previous Projected Unit Credit method. In addition, the City adopted a 30-year closed period for amortization with 23 years remaining.

Employees covered by benefit terms at the December 31, 2022 valuation and measurement date are as follows:

Inactive employees or beneficiaries currently receiving benefits	49
Inactive employees entitled to but not yet receiving benefits	25
Active employees	<u>83</u>
Total	<u>157</u>

**Contributions**

The contribution rate for the employees is 7%, and the City matching ratio is currently 2 to 1, both as adopted by the governing body of the City. Under the state law governing TMRS, the actuary annually determines the City's contribution rate. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City's contributions to TMRS for the year ended September 30, 2023, were \$824,417, and were equal to the required contributions.

## **NOTE 7    PENSION PLAN: (CONTINUED)**

### Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2022 and the Total Pension Liability (TPL) used to calculate the NPL was determined by an actuarial valuation as of that date.

The TPL in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	2.75% per year, adjusted down for population declines, if any
Investment Rate of Return	6.75%

Salary increases were based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates for actives, healthy retirees and beneficiaries are projected on fully generational basis by scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees is used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

Actuarial assumptions used in the December 31, 2022 valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the four-year period December 31, 2014 through December 31, 2018, last updated for the December 31, 2019 valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APR's) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with a an emphasis on both capital appreciation as well as the production of income in order to satisfy the short-term and long-term funding needs of TMRS. Assumptions are reviewed annually. No additional changes were made for the 2022 valuation.

The long-term expected rate of return on pension plan investments is 6.75%. The pension plan's policy regarding the allocation of invested assets is established and may be amended by the TMRS Board of Trustees. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, to satisfy the short-term and long-term funding needs of TMRS.

**NOTE 7 PENSION PLAN: (CONTINUED)**

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate 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 of 2.5%. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Public Equity	35.0%	7.55%
Core Fixed Income	6.0%	2.00%
Non-Core Fixed Income	20.0%	5.68%
Other Public Private Markets	12.0%	7.22%
Real Estate	12.0%	6.85%
Hedge Funds	5.0%	5.35%
Private Equity	<u>10.0%</u>	10.00%
Total	<u>100.0%</u>	

The discount rate used to measure the TPL was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL.

<u>Changes in Net Pension Liability</u>	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability</u>
Balance at 12/31/21	\$ 32,884,405	\$ 32,270,110	\$ 614,295
Changes for the year:			
Service cost	786,301	-	786,301
Interest	2,189,454	-	2,189,454
Change of benefit terms	-	-	-
Difference between expected and actual experience	866,943	-	866,943
Changes in assumptions	-	-	-
Contributions - Employer	-	752,737	(752,737)
Contributions - Employee	-	345,519	(345,519)
Net Investment Income	-	(2,355,437)	2,355,437
Benefit payments, including refunds of employee contributions	(1,682,405)	(1,682,405)	-
Administrative expense	-	(20,384)	20,384
Other changes	-	24,324	(24,324)
Net changes	<u>2,160,293</u>	<u>(2,935,646)</u>	<u>5,095,939</u>
Balance at 12/31/22	<u>\$ 35,044,698</u>	<u>\$ 29,334,464</u>	<u>\$ 5,710,234</u>

**NOTE 7 PENSION PLANS: (CONTINUED)**

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

	1% Decrease 5.75%	Current Single Rate Assumption 6.75%	1% Increase 7.75%
City's net pension liability	\$ 10,370,882	\$ 5,710,234	\$ 1,865,379

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report available at the website previously mentioned. Pension liabilities are liquidated through payments from both the general fund and enterprise fund in relation to their proportionate salaries.

**Pension Expense and Deferred Outflows and Inflows of Resources Related to Pensions**

For the year ended September 30, 2023, the City recognized pension expense of \$860,283. At September 30, 2023, the City reported deferred outflows and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference in investment returns	\$ 2,949,230	\$ -
Contributions subsequent to the measurement date (December 31, 2022)	607,534	-
Total	\$ 3,556,764	\$ -

\$607,534 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date of the net pension liability but before the end of the City's fiscal year will be recognized as a reduction of the net pension liability for the year ending September 30, 2024 rather than in the current fiscal year end. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

	Net deferred outflows (inflows) of resources
2023	\$ 390,920
2024	725,023
2025	705,196
2026	1,091,558
2027	36,533
Thereafter	-
Total	\$ 2,949,230

## NOTE 8 SUPPLEMENTAL DEATH BENEFITS:

### Plan Description

The City provides group-term life insurance coverage ("supplemental death benefits") for their active and retired employees through a single-employer defined benefit plan. Coverage may be discontinued by adopting an ordinance before November 1 of any year to be effective the following January 1. The plan is administered by the TMRS. The Plan was instituted by ordinance of the City. Additional information about the plan can be obtained from TMRS at the website above. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

### Benefits

Payments are similar to group-term life insurance benefits and are paid to the designated beneficiary upon the receipt of an approved application for payment. The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings for the twelve-month period preceding the month of death). The death benefit for retirees is considered an other postemployment benefit (OPEB) and is a fixed amount of \$7,500. The number of employees covered is as follows:

Inactive employees currently receiving benefits	34
Inactive employees entitled to but not yet receiving benefits	7
Active employees	<u>83</u>
Total	<u>124</u>

### Significant assumptions

The actuarial assumptions used in the December 31, 2022 valuation were based on the results of an actuarial experience study for the period December 31, 2014 to December 31, 2018. The OPEB liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.5% to 11.5% including inflation
Discount rate*	4.05%
Retirees' share of benefit-related costs	\$0
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.
Mortality rates - service retirees	2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP
Mortality rates - disabled retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

**NOTE 8 SUPPLEMENTAL DEATH BENEFITS: (CONTINUED)**

\*The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2022.

<u>Changes in OPEB Liability</u>	<u>Total OPEB Liability</u>
Balance at 12/31/21	\$ 331,270
Changes for the year:	
Service cost	12,340
Interest	6,145
Change of benefit terms	-
Difference between expected and actual experience	9,830
Changes in assumptions	(114,527)
Benefit payments	<u>(6,910)</u>
Net changes	<u>(93,122)</u>
Balance at 12/31/22	<u>\$ 238,148</u>

Death benefit liabilities are liquidated through payments from the general fund.

**Death Benefit Insurance Expense and Deferred Outflows of Resources Related to OPEB**

For the year ended September 30, 2023, the City recognized death benefit insurance expense of \$19,844. At September 30, 2023, the City reported deferred (inflows) outflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in assumptions	\$ -	\$ (52,063)
Difference between expected and actual experience	-	-
Contributions subsequent to the measurement date (December 31, 2022)	<u>16,571</u>	<u>-</u>
Total	<u>\$ 16,571</u>	<u>\$ (52,063)</u>

**NOTE 8 SUPPLEMENTAL DEATH BENEFITS: (CONTINUED)**

\$16,571 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date of the OPEB liability but before the end of the City's fiscal year will be recognized as a reduction of the OPEB liability for the year ending September 30, 2024 rather than in the current fiscal year end. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in death benefit insurance expense as follows:

	Net deferred outflows of resources
2023	\$ (4,565)
2024	(6,166)
2025	(5,931)
2026	(12,225)
2027	(16,327)
Thereafter	(6,849)
Total	<u>\$ (52,063)</u>

**Contributions**

Contributions are made monthly based on the covered payroll of employee members. The rate for 2022 was 0.26% of covered payroll. The rate is equal to the cost of providing one-year term life insurance. The funding policy is to assure that adequate resources are available to meet death benefit payments for the upcoming year; the intent is not to pre-fund retiree term life insurance during employees' entire careers. The City's contribution to the supplemental death benefit plan for the years ended September 30, 2023, 2022, and 2021 were \$20,207, \$12,617, and \$11,830, respectively, which equaled the required contributions each year.

**NOTE 9 RAW WATER SUPPLY CONTRACT:**

On February 22, 1978, the City entered a contract with the Trinity River Authority of Texas (TRA) to purchase from the TRA amounts of raw water impounded in the Livingston Reservoir. The City is obligated to pay an annual standby charge on or before the 10th day of each February and August. Annual standby charges are calculated by multiplying the equivalent of the current annual average daily amount TRA is obligated to sell to the City by the TRA's rates for sale of raw water to municipalities. In November 2019, the City renewed its water supply contract with TRA for 50 years on similar terms. Under the new agreement, TRA will provide daily up to 7.5 MGD through the year 2070.

**NOTE 10 WATER SYSTEM SERVICE CONTRACT:**

On February 22, 1978, the City also entered into a water system service contract with the TRA whereby, the TRA agreed to pay all the actual costs of acquiring, by purchase or construction, through the issuance of bonds, a water supply and treatment system to render water supply and treatment services to the inhabitants of the City. Although the TRA is to retain title, the City shall have the exclusive use of the entire project throughout its natural life.

In September 2010 and July 2013, the TRA issued \$2,715,000 and \$20,575,000 in bonds, respectively, to expand the capabilities of the system to meet the requirements of the City. The bonds are secured by the net revenues of the City's combined waterworks and sanitary sewer system.

In April 2021 the outstanding balance of \$1,885,000 bonds from 2010 were refunded by the issuance of \$1,930,000 in new bonds. The total savings as a result of the refunding is \$277,099 and the economic impact on a present value basis is \$237,022.

Under terms of the contract, the City is to pay to TRA amounts equal to the operation and maintenance expenses of the system plus the amounts necessary for the debt service payments on the TRA's bonds. All such payments shall constitute reasonable and necessary operating expenses of the City's combined waterworks and sanitary sewer systems. During the fiscal year ended September 30, 2023, the City paid approximately \$1,562,000 into the interest and sinking fund. The annual principal and interest payments applicable to the TRA's bonds through maturity are in the following amounts:

<u>Calendar Year</u>	<u>Amount Per Year</u>
2024	1,555,482
2025	1,560,118
2026	1,563,445
2027	1,562,302
2028	1,563,365
2029-2038	<u>15,323,601</u>
Total	<u>\$ 23,128,313</u>

**Changes in Long-term Contracts Payable-**

	<u>Balance October 1, 2022</u>	<u>Issues or Additions</u>	<u>Payments or Expenditures</u>	<u>Balance September 30, 2023</u>	<u>Due Within One Year</u>
<u>Business Type Activities</u>					
Contracts payable	<u>\$ 17,190,000</u>	<u>\$ -</u>	<u>\$ 790,000</u>	<u>\$ 16,400,000</u>	<u>\$ 810,000</u>
Total business	<u>\$ 17,190,000</u>	<u>\$ -</u>	<u>\$ 790,000</u>	<u>\$ 16,400,000</u>	<u>\$ 810,000</u>



**NOTE 11 ENERGY AND POWER CONTRACT:**

The City entered a contract with the Sam Rayburn Municipal Power Agency (Agency) on May 1, 1981 for the purchase of power and energy. The contract will remain in force until all contractual obligations entered into by the Agency for the generation, purchase, transmission or transformation of power and energy have been terminated and provision has been made for the payment of any residual costs as permitted by law or until the expiration of three years after notice of termination of this contract shall have been given by either the Agency or the City to the other party.

Subject to the agreement, the Agency shall sell and deliver to the City of Livingston and the City of Livingston shall purchase and take from the Agency all power and energy required by the City for the operation of its electrical system. The Agency shall use its best efforts to acquire, by purchase or otherwise, and to deliver or shall cause to be delivered to the points of delivery, power and energy in the manner determined to be the most economical, dependable and otherwise feasible.

The City of Livingston shall pay to the Agency the amount as being due and payable in the billing statement submitted by the Agency to the City whether or not the system, or any part thereof, is completed, is operating or operable, or its output is suspended, interrupted, interfered with, reduced, curtailed, or terminated in whole or in part.

The obligation of the City to make such payments constitutes an operating expense of its electric system payable solely from the revenues and receipts of such electric system. Such obligation to make payments from the revenues and receipts of the City's electric system shall be absolute and unconditional and shall not be conditioned upon the performance or nonperformance of the Agency or any other power purchaser under any power sales contract or any other agreement or instrument and shall not be terminated, reduced or suspended for any other cause or reason whatsoever.

During the year ended September 30, 1999, the Agency entered into an agreement with Entergy Power Marketing Corp. and Entergy Power, Inc. to sell its excess system capacity. Upon the expiration of the Requirements Power Supply Agreement in September 2021, the City began being served under the Supplemental Requirements Power Supply Agreement with Entergy which allows the Agency to purchase its delivered power and energy supply at wholesale prices, sufficient to service the retail loads and normal load growth of the cities it currently serves through 2036.

Reflected in the revenues for the Electric, Water and Sewer Fund is a recovery of the City's pro rata share of the Cambridge Project revenue of approximately \$7,000,000 (a separate wholesale power supply contract that allows the Agency to utilize excess capacity and make distributions of profit back to the participating cities), and an energy charge savings refund of approximately \$366,000.

**NOTE 12 RELATED PARTY TRANSACTIONS:**

The City of Livingston maintains its bank accounts at two local banks. Certain members of the City Council are directors of the First National Bank of Livingston. Deposits in the banks are secured by collateral pledged by the banks.

**NOTE 13 LITIGATION:**

The City is party to various legal proceedings which normally occur in governmental operations. These legal proceedings are not likely to have a material adverse impact on the affected funds of the City. All the proceedings are being handled by the City's insurance carrier. No losses are accrued in relation to these proceedings.

**NOTE 14 COMMITMENTS AND CONTINGENT LIABILITIES:**Grants

The City participates in federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The audits of these programs including the year ended September 30, 2023 have not yet been conducted. Accordingly, the City's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the City expects such amounts, if any, to be immaterial. The City used approximately \$864,000 in federal grants in 2023 principally related to Covid recovery to pay for certain water and sewer system improvements. Grants received whose purpose restriction was not met at fiscal year-end are reflected as deferred inflows in the statement of net position.

**NOTE 15 RISK MANAGEMENT:**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City transfers this risk, except for minor deductibles, by purchasing insurance from commercial carriers and by participation in the Texas Municipal League Intergovernmental Risk Pool. The risk pool covers the major risk categories including general public liability, law enforcement liability, auto liability, public official liability, property insurance and workers compensation. Coverage in the pool is continuous and annual contributions are subject to adjustment each year on the anniversary date based on updated exposure information and change in rating.

There were no significant changes in coverage limits from the prior year. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

**NOTE 16 SANITATION DEPARTMENT CONTRACT:**

The City's entered into a contract with Piney Wood Sanitation for waste collection and sanitation services effective August 1, 2023. The City continues to perform all billing and administrative procedures, but all employees and equipment for the sanitation department have been eliminated.

**NOTE 17 GOLF COURSE LEASE AGREEMENT:**

The City renewed its agreement to lease the municipal golf course for a five-year period expiring December 31, 2024. Under the terms of the lease, the City will receive \$1.00 per year.

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## **REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF LIVINGSTON, TEXAS**  
**REQUIRED SUPPLEMENTAL INFORMATION-TEXAS MUNICIPAL RETIREMENT SYSTEM**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**  
**Last Ten Fiscal Years**  
**(For the years available)**

	2014	2015	2016	2017
<b>Total pension liability</b>				
Service Cost	\$ 496,383	\$ 568,239	\$ 621,499	\$ 651,578
Interest (on the Total Pension Liability)	1,523,437	1,617,245	1,636,121	1,724,891
Changes of benefit terms	-	-	-	-
Difference between expected and actual exper.	117,800	(214,821)	69,229	(679,286)
Change of assumptions	-	69,611	-	-
Benefit payments, including refunds of employee contributions	<u>(749,395)</u>	<u>(917,464)</u>	<u>(945,709)</u>	<u>(1,107,858)</u>
<b>Net Change in Total Pension Liability</b>	1,388,225	1,122,810	1,381,140	589,325
<b>Total Pension Liability - Beginning</b>	<u>21,889,894</u>	<u>23,278,119</u>	<u>24,400,929</u>	<u>25,782,079</u>
<b>Total Pension Liability - Ending</b>	<u>\$ 23,278,119</u>	<u>\$ 24,400,929</u>	<u>\$ 25,782,069</u>	<u>\$ 26,371,404</u>
<b>Plan Fiduciary Net Position</b>				
Contributions Employer	\$ 624,014	\$ 629,618	\$ 628,150	\$ 678,848
Contributions Employee	255,893	263,597	273,960	289,223
Net Investment Income	1,092,015	29,953	1,371,056	2,992,834
Benefit payments, including refunds of employee contributions	(749,395)	(917,464)	(945,709)	(1,107,858)
Administrative Expense	(11,401)	(18,244)	(15,483)	(15,512)
Other	<u>(937)</u>	<u>(902)</u>	<u>(834)</u>	<u>(787)</u>
<b>Net Change in Plan Fiduciary Net Position</b>	1,210,189	(13,442)	1,311,140	2,836,748
<b>Plan Fiduciary Net Position - Beginning</b>	<u>19,089,100</u>	<u>20,299,289</u>	<u>20,285,847</u>	<u>21,596,987</u>
<b>Plan Fiduciary Net Position - Ending</b>	<u>\$ 20,299,289</u>	<u>\$ 20,285,847</u>	<u>\$ 21,596,987</u>	<u>\$ 24,433,735</u>
<b>Net Pension Liability - Ending</b>	<u>\$ 2,978,830</u>	<u>\$ 4,115,082</u>	<u>\$ 4,185,082</u>	<u>\$ 1,937,669</u>
<b>Plan Fiduciary Net Position as a percentage of Total Pension Liability</b>	87.20%	83.14%	83.77%	92.65%
<b>Covered Payroll</b>	<u>\$ 3,655,618</u>	<u>\$ 3,765,664</u>	<u>\$ 3,913,719</u>	<u>\$ 4,131,759</u>
<b>Net Pension Liability as a Percentage of Covered Payroll</b>	81.49%	109.28%	106.93%	46.90%

See independent auditor's report.

2018	2019	2020	2021	2022
\$ 681,190	\$ 716,673	\$ 735,863	\$ 762,713	\$ 786,301
1,766,964	1,896,598	2,015,611	2,082,908	2,189,454
-	-	-	-	-
548,556	403,167	(372,797)	210,025	866,943
-	43,623	-	-	-
<u>(1,069,520)</u>	<u>(1,118,353)</u>	<u>(1,494,672)</u>	<u>(1,295,548)</u>	<u>(1,682,405)</u>
1,927,190	1,941,708	884,005	1,760,098	2,160,293
<u>26,371,404</u>	<u>28,298,594</u>	<u>30,240,302</u>	<u>31,124,307</u>	<u>32,884,405</u>
<u>\$ 28,298,594</u>	<u>\$ 30,240,302</u>	<u>\$ 31,124,307</u>	<u>\$ 32,884,405</u>	<u>\$ 35,044,698</u>
\$ 709,158	\$ 676,477	\$ 717,420	\$ 773,697	\$ 752,737
301,221	319,740	322,747	334,314	345,519
(731,969)	3,653,320	2,060,088	3,745,459	(2,355,437)
(1,069,520)	(1,118,353)	(1,494,672)	(1,295,548)	(1,682,405)
(14,145)	(20,640)	(13,329)	(17,329)	(20,384)
<u>(739)</u>	<u>(620)</u>	<u>(521)</u>	<u>119</u>	<u>24,324</u>
(805,994)	3,509,924	1,591,733	3,540,712	(2,935,646)
<u>24,433,735</u>	<u>23,627,741</u>	<u>27,137,665</u>	<u>28,729,398</u>	<u>32,270,110</u>
<u>\$ 23,627,741</u>	<u>\$ 27,137,665</u>	<u>\$ 28,729,398</u>	<u>\$ 32,270,110</u>	<u>\$ 29,334,464</u>
\$ 4,670,853	\$ 3,102,637	\$ 2,394,909	\$ 614,295	\$ 5,710,234
83.49%	89.74%	92.31%	98.13%	83.71%
\$ 4,303,160	\$ 4,567,707	\$ 4,610,672	\$ 4,775,910	\$ 4,935,979
108.54%	67.93%	51.94%	12.86%	115.69%

See independent auditor's report.

**CITY OF LIVINGSTON, TEXAS**  
**REQUIRED SUPPLEMENTAL INFORMATION-TEXAS MUNICIPAL RETIREMENT SYSTEM**  
**SCHEDULE OF CONTRIBUTIONS**  
**Last Ten Fiscal Years**  
**(For the years available)**

	2015	2016	2017	2018	2019
Actuarially Determined Contribution	\$ 629,618	\$ 629,618	\$ 628,150	\$ 678,848	\$ 691,310
Contributions in relation to the actuarially determined contribution	<u>629,618</u>	<u>629,618</u>	<u>628,150</u>	<u>678,848</u>	<u>691,310</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 3,962,286	\$ 4,093,657	\$ 4,174,523	\$ 4,388,762	\$ 4,552,991
Contributions as a percentage of covered employee payroll	15.89%	15.38%	15.05%	15.47%	15.18%

**Notes to Schedule of Contributions**

Valuation Date:

Actuarially determined contribution rates are calculated as of December 31 and become effective in January, 13 months later.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	23 years (longest amortization ladder)
Asset Valuation Method	10 Year smoothed market; 12% soft Corridor
Inflation	2.50%
Salary Increases	3.5% to 11.5% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014-2018.
Mortality	Post retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB (10) mortality tables, with Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

Other Information:

Notes There were no benefit changes during the year.

See Independent auditor's report.

<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
\$ 724,278	\$ 763,462	\$ 765,156	\$ 824,417
<u>724,278</u>	<u>763,462</u>	<u>765,156</u>	<u>824,417</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 4,699,421	\$ 4,765,666	\$ 4,962,934	\$ 5,494,617
15.41%	16.02%	15.42%	15.00%

See Independent auditor's report.



**CITY OF LIVINGSTON, TEXAS**  
**REQUIRED SUPPLEMENTAL INFORMATION-TEXAS MUNICIPAL RETIREMENT SYSTEM**  
**SCHEDULE OF CHANGES IN TOTAL OTHER POSTEMPLOYMENT BENEFITS**  
**(OPEB AND RELATED RATIOS)**  
**Last Ten Fiscal Years**

	<b>(For the years available)</b>			
	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
<b>Total OPEB liability</b>				
Service Cost	\$ 6,611	\$ 8,176	\$ 5,938	\$ 8,299
Interest	7,148	7,223	8,196	7,619
Changes of benefit terms	-	-	-	-
Difference between expected and actual experience	-	5,702	(426)	(9,354)
Change of assumptions	16,687	(15,302)	43,338	41,437
Benefit Payments	<u>(2,066)</u>	<u>(2,152)</u>	<u>(1,827)</u>	<u>(2,305)</u>
<b>Net Change in OPEB Liability</b>	28,380	3,647	55,219	45,696
<b>Total OPEB Liability - Beginning</b>	<u>186,826</u>	<u>215,206</u>	<u>218,853</u>	<u>274,072</u>
<b>Total OPEB Liability - Ending</b>	<u>\$ 215,206</u>	<u>\$ 218,853</u>	<u>\$ 274,072</u>	<u>\$ 319,768</u>
<b>Covered Employee Payroll</b>	\$ 4,131,759	\$ 4,303,160	\$ 4,567,707	\$ 4,610,672
<b>Total OPEB Liability as a Percentage of Covered Employee Payroll</b>	5.21%	5.09%	6.00%	6.94%

**Notes to Schedule**

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits.

Valuation Date:

Actuarially determined contribution rates are calculated as of December 31.

Factors that significantly affect trends in the amounts reported:

Inflation	2.50%
Salary Increases	3.5% to 11.5% including inflation
Discount rate*	4.05%
Retirees' share of benefit related costs	\$0
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.
Mortality rates - service retirees	2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.
Mortality rates - disables retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

\* The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2022.

See Independent auditor's report.

<u>2021</u>	<u>2022</u>
\$ 11,462	\$ 12,340
6,448	6,145
-	-
(10,211)	9,830
10,012	(114,527)
<u>(6,209)</u>	<u>(6,910)</u>
11,502	(93,122)
<u>319,768</u>	<u>331,270</u>
<u>\$ 331,270</u>	<u>\$ 238,148</u>
\$ 4,775,910	\$ 4,935,979
6.94%	4.82%

See Independent auditor's report.

## **INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES**

## **GENERAL FUND**

**CITY OF LIVINGSTON, TEXAS  
GENERAL FUND - COMPARATIVE BALANCE SHEET  
SEPTEMBER 30, 2023 AND 2022**

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**ASSETS**

	<b><u>2023</u></b>	<b><u>2022</u></b>
Cash	\$ 6,412,015	\$ 4,538,927
Receivables:		
Returned checks receivable	-	143
Paving accounts receivable	17,277	17,277
Taxes receivable	<u>899,587</u>	<u>834,724</u>
Total Assets	<u>\$ 7,328,879</u>	<u>\$ 5,391,071</u>

**LIABILITIES AND FUND BALANCES**

**LIABILITIES**

Accounts payable	<u>\$ 397,528</u>	<u>\$ 347,888</u>
Total Liabilities	<u>397,528</u>	<u>347,888</u>

**FUND BALANCES**

Restricted for library memorials	36,410	30,202
Unassigned	<u>6,894,941</u>	<u>5,012,981</u>
Total Fund Balances	<u>6,931,351</u>	<u>5,043,183</u>
Total Liabilities and Fund Balances	<u>\$ 7,328,879</u>	<u>\$ 5,391,071</u>

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**CITY OF LIVINGSTON, TEXAS**  
**GENERAL FUND - SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**  
**WITH COMPARATIVE ACTUAL TOTALS FOR 2022**

	<b>Budgeted Amounts GAAP Basis</b>			
	<b>Original</b>	<b>Revisions</b>	<b>Final</b>	<b>Actual</b>
<b>REVENUES</b>				
Taxes:				
Sales taxes	\$ 5,473,000	\$ 127,394	\$ 5,600,394	\$ 5,505,516
Franchise taxes	152,000	-	152,000	161,274
Hotel/Motel taxes	367,500	(22,500)	345,000	350,045
Licenses and permits	183,000	(3,215)	179,785	162,304
Charges for service	1,644,500	(15,670)	1,628,830	1,601,841
Fines and forfeitures	533,000	244,727	777,727	499,035
Miscellaneous	128,100	29,006	157,106	181,391
Total Revenues	<u>8,481,100</u>	<u>359,742</u>	<u>8,840,842</u>	<u>8,461,406</u>
<b>EXPENDITURES</b>				
Administrative	844,000	(222,780)	621,220	673,949
Sanitation	963,000	(55,000)	908,000	1,092,989
Fire	1,477,800	(764,676)	713,124	636,349
Police	3,275,000	183,588	3,458,588	3,245,238
Paving and street	2,435,000	(53,692)	2,381,308	1,193,576
Parks and recreation	1,710,500	(257,322)	1,453,178	1,522,916
Library	526,000	13,355	539,355	543,942
Garage	590,500	(176,613)	413,887	423,349
Total Expenditures	<u>11,821,800</u>	<u>(1,333,140)</u>	<u>10,488,660</u>	<u>9,332,308</u>
Excess of revenues over (under) expenditures	<u>(3,340,700)</u>	<u>1,692,882</u>	<u>(1,647,818)</u>	<u>(870,902)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	<u>2,486,700</u>	<u>367,500</u>	<u>2,854,200</u>	<u>2,759,070</u>
Total other financing sources (uses)	<u>2,486,700</u>	<u>367,500</u>	<u>2,854,200</u>	<u>2,759,070</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	<u>\$ (854,000)</u>	<u>\$ 2,060,382</u>	<u>\$ 1,206,382</u>	1,888,168
Fund balances at beginning of year				<u>5,043,183</u>
Fund balances at end of year				<u>\$ 6,931,351</u>

<b>Variance With Final Budget Positive (Negative)</b>	<b>2022 Actual</b>
\$ (94,878)	\$ 5,209,435
9,274	118,774
5,045	337,814
(17,481)	122,927
(26,989)	1,590,221
(278,692)	483,046
24,285	220,709
<u>(379,436)</u>	<u>8,082,926</u>
(52,729)	636,060
(184,989)	971,533
76,775	673,470
213,350	2,693,701
1,187,732	1,361,325
(69,738)	1,280,645
(4,587)	481,371
(9,462)	346,410
<u>1,156,352</u>	<u>8,444,515</u>
<u>776,916</u>	<u>(361,589)</u>
(95,130)	1,490,295
<u>(95,130)</u>	<u>1,490,295</u>
<u>\$ 681,786</u>	1,128,706
	<u>3,914,477</u>
	<u>\$ 5,043,183</u>



**CITY OF LIVINGSTON, TEXAS**  
**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES-BUDGET (GAAP BASIS) AND ACTUAL**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**  
**WITH COMPARATIVE ACTUAL TOTALS FOR 2022**

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	<b>Budgeted Amounts GAAP Basis</b>		
	<b>Original</b>	<b>Revisions</b>	<b>Final</b>
<b>ADMINISTRATIVE DEPARTMENT</b>			
Salaries	\$ 216,000	\$ 6,746	\$ 222,746
Social Security	18,000	(1,949)	16,051
Retirement	35,000	(2,305)	32,695
Employee insurance	37,000	3,384	40,384
Uniforms	500	(50)	450
Insurance and bonds	16,000	(100)	15,900
Legal and professional	58,000	(37,200)	20,800
Elections	-	14,021	14,021
Auditing and accounting	17,000	2,000	19,000
Supplies	36,000	200	36,200
Repairs-building and grounds	50,000	(37,532)	12,468
Equipment repairs and maintenance	29,000	(13,000)	16,000
Gas and oil	12,000	(9,000)	3,000
Utility/telephone	12,000	(1,890)	10,110
Dues and subscriptions	20,000	(2,492)	17,508
Building demolitions	80,000	(77,000)	3,000
Transportation and contingency	36,000	(18,000)	18,000
Hotel Motel funded events	100,000	-	100,000
Programming	7,000	-	7,000
Postage and miscellaneous	4,500	52	4,552
	784,000	(174,115)	609,885
Capital expenditures	60,000	(48,665)	11,335
Total Administrative	844,000	(222,780)	621,220
<b>SANITATION DEPARTMENT</b>			
Supplies	88,000	-	88,000
Refuse disposal/landfills	875,000	(55,000)	820,000
Total Sanitation	963,000	(55,000)	908,000

<u>Actual</u>	<b>Variance With Final Budget Positive (Negative)</b>	<u>2022 Actual</u>
\$ 215,777	\$ 6,969	\$ 193,894
16,029	22	14,833
32,311	384	30,569
38,659	1,725	34,298
-	450	-
14,784	1,116	14,335
16,365	4,435	61,044
12,155	1,866	-
18,477	523	15,333
35,375	825	28,862
10,260	2,208	8,647
18,576	(2,576)	26,251
3,095	(95)	3,848
6,943	3,167	9,823
18,088	(580)	18,791
3,717	(717)	14,279
18,671	(671)	19,124
106,402	(6,402)	99,193
33,013	(26,013)	20,971
4,133	419	5,143
622,830	(12,945)	619,238
51,119	(39,784)	16,822
673,949	(52,729)	636,060
79,636	8,364	109,957
1,013,353	(193,353)	861,576
1,092,989	(184,989)	971,533

**CITY OF LIVINGSTON, TEXAS**  
**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES-BUDGET (GAAP BASIS) AND ACTUAL**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**  
**WITH COMPARATIVE ACTUAL TOTALS FOR 2022**

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	<b>Budgeted Amounts GAAP Basis</b>		
	<b>Original</b>	<b>Revisions</b>	<b>Final</b>
<b>FIRE DEPARTMENT</b>			
Salaries	272,000	(39,559)	232,441
Salaries, administration	46,000	3,079	49,079
Social Security	15,000	1,181	16,181
Retirement	37,000	(3,411)	33,589
Employee insurance	35,000	4,034	39,034
Insurance and bonds	36,000	-	36,000
Recruitment costs	1,500	-	1,500
Supplies	45,000	-	45,000
Repairs-building and grounds	10,000	-	10,000
Equipment repairs and maintenance	80,000	-	80,000
Gas and oil	18,000	-	18,000
Utility/telephone	25,000	-	25,000
Dues and subscriptions	5,500	-	5,500
Transportation and contingency	12,000	-	12,000
Maintenance contribution	30,000	-	30,000
Postage and miscellaneous	<u>4,800</u>	<u>-</u>	<u>4,800</u>
	672,800	(34,676)	638,124
Capital expenditures	<u>805,000</u>	<u>(730,000)</u>	<u>75,000</u>
Total Fire	<u>1,477,800</u>	<u>(764,676)</u>	<u>713,124</u>
<b>POLICE DEPARTMENT</b>			
Salaries	1,812,000	83,158	1,895,158
Salaries, administration	46,000	3,079	49,079
Social Security	139,000	9,734	148,734
Retirement	287,000	39,958	326,958
Employee insurance	368,000	7,442	375,442
Uniforms	40,000	-	40,000
Insurance and bonds	110,000	17,950	127,950
Supplies	33,000	-	33,000
Repairs-building and grounds	16,000	(1,800)	14,200
Equipment repairs and maintenance	55,000	(14,800)	40,200
Gas and oil	90,000	(40,000)	50,000
Utility/telephone	27,000	-	27,000
Dues and subscriptions	51,000	(3,806)	47,194
Transportation and contingency	38,000	9,000	47,000
Drug dog	-	18,367	18,367
Postage and miscellaneous	<u>50,000</u>	<u>(9,000)</u>	<u>41,000</u>
	3,162,000	119,282	3,281,282
Capital expenditures	<u>113,000</u>	<u>64,306</u>	<u>177,306</u>
Total Police	<u>3,275,000</u>	<u>183,588</u>	<u>3,458,588</u>

<b>Actual</b>	<b>Variance With Final Budget Positive (Negative)</b>	<b>2022 Actual</b>
221,616	10,825	219,447
48,574	505	27,582
14,634	1,547	14,533
29,219	4,370	29,978
30,203	8,831	31,816
32,991	3,009	32,478
-	1,500	-
56,847	(11,847)	42,712
2,666	7,334	17,496
47,040	32,960	120,344
9,599	8,401	12,588
28,424	(3,424)	29,247
3,065	2,435	7,545
15,175	(3,175)	16,738
24,097	5,903	24,760
2,217	2,583	3,747
566,367	71,757	631,011
69,982	5,018	42,459
636,349	76,775	673,470
1,807,753	87,405	1,512,931
48,574	505	27,582
143,183	5,551	118,268
283,446	43,512	243,071
330,912	44,530	288,657
14,919	25,081	14,269
74,428	53,522	69,518
36,802	(3,802)	25,548
14,128	72	14,796
43,296	(3,096)	39,467
52,859	(2,859)	65,641
23,505	3,495	28,558
23,127	24,067	23,587
53,150	(6,150)	46,512
-	18,367	-
26,644	14,356	21,707
2,976,726	304,556	2,540,112
268,512	(91,206)	153,589
3,245,238	213,350	2,693,701

**CITY OF LIVINGSTON, TEXAS**  
**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES-BUDGET (GAAP BASIS) AND ACTUAL**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**  
**WITH COMPARATIVE ACTUAL TOTALS FOR 2022**

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	<b>Budgeted Amounts GAAP Basis</b>		
	<b>Original</b>	<b>Revisions</b>	<b>Final</b>
<b>PAVING AND STREET DEPARTMENT</b>			
Salaries	343,000	27,034	370,034
Salaries, administration	46,000	2,870	48,870
Social Security	27,000	5,046	32,046
Retirement	60,000	11,800	71,800
Employee insurance	101,000	8,307	109,307
Uniforms	15,000	(8,500)	6,500
Insurance and bonds	48,000	-	48,000
Supplies	24,000	-	24,000
Repairs-building and grounds	25,000	-	25,000
Equipment rental	-	-	-
Equipment repairs and maintenance	71,500	(18,000)	53,500
Gas and oil	54,000	(26,000)	28,000
Transit system	5,000	-	5,000
Transportation and contingency	<u>10,500</u>	<u>(6,250)</u>	<u>4,250</u>
	830,000	(3,692)	826,308
Capital expenditures	<u>1,605,000</u>	<u>(50,000)</u>	<u>1,555,000</u>
Total Paving and Street	<u>2,435,000</u>	<u>(53,692)</u>	<u>2,381,308</u>
<b>PARKS AND RECREATION DEPARTMENT</b>			
Salaries	500,000	(40,833)	459,167
Salaries, administration	92,000	5,741	97,741
Social Security	40,000	2,603	42,603
Retirement	84,000	(6,578)	77,422
Employee insurance	135,000	(2,803)	132,197
Uniforms	13,500	(2,000)	11,500
Insurance and bonds	37,000	(3,300)	33,700
Advertising, hotel tax	33,000	(10,000)	23,000
Supplies	97,000	(8,300)	88,700
Repairs-building and grounds	101,000	(64,500)	36,500
Equipment repairs and maintenance	43,000	5,000	48,000
Gas and oil	162,500	(138,500)	24,000
Utility/telephone	18,000	2,000	20,000
Dues and subscriptions	2,000	(225)	1,775
Transportation and contingency	6,000	(1,160)	4,840
Programming costs	25,000	(34,060)	(9,060)
Postage and miscellaneous	<u>1,500</u>	<u>(450)</u>	<u>1,050</u>
	1,390,500	(297,365)	1,093,135
Capital expenditures	<u>320,000</u>	<u>40,043</u>	<u>360,043</u>
Total Parks and Recreation	<u>1,710,500</u>	<u>(257,322)</u>	<u>1,453,178</u>

<u>Actual</u>	<b>Variance With Final Budget Positive (Negative)</b>	<b>2022 Actual</b>
381,446	(11,412)	311,964
48,365	505	27,582
32,884	(838)	25,975
66,295	5,505	53,581
101,207	8,100	76,140
9,762	(3,262)	6,092
27,515	20,485	29,212
27,304	(3,304)	15,937
23,953	1,047	24,259
134,158	(134,158)	-
62,094	(8,594)	79,258
27,392	608	42,643
4,638	362	1,193
<u>4,211</u>	<u>39</u>	<u>7,491</u>
951,224	(124,916)	701,327
<u>242,352</u>	<u>1,312,648</u>	<u>659,998</u>
<u>1,193,576</u>	<u>1,187,732</u>	<u>1,361,325</u>
484,816	(25,649)	494,540
96,731	1,010	55,165
44,486	(1,883)	42,128
81,974	(4,552)	79,326
126,343	5,854	110,389
13,037	(1,537)	8,184
27,501	6,199	17,852
32,103	(9,103)	61,344
83,522	5,178	61,175
26,015	10,485	79,657
64,747	(16,747)	48,005
18,323	5,677	78,202
16,597	3,403	17,367
669	1,106	1,620
947	3,893	6,561
(5,495)	(3,565)	10,794
<u>992</u>	<u>58</u>	<u>783</u>
1,113,308	(20,173)	1,173,092
<u>409,608</u>	<u>(49,565)</u>	<u>107,553</u>
<u>1,522,916</u>	<u>(69,738)</u>	<u>1,280,645</u>

**CITY OF LIVINGSTON, TEXAS**  
**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES-BUDGET (GAAP BASIS) AND ACTUAL**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**  
**WITH COMPARATIVE ACTUAL TOTALS FOR 2022**

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	<b>Budgeted Amounts GAAP Basis</b>		
	<b>Original</b>	<b>Revisions</b>	<b>Final</b>
<b>LIBRARY DEPARTMENT</b>			
Salaries	217,000	8,662	225,662
Salaries, administration	46,000	2,870	48,870
Social Security	17,000	4,018	21,018
Retirement	39,000	2,643	41,643
Employee insurance	81,000	(491)	80,509
Insurance and bonds	10,000	(1,000)	9,000
Supplies	17,000	(3,000)	14,000
Repairs-building and grounds	25,000	-	25,000
Equipment repairs and maintenance	10,000	(2,000)	8,000
Utility/telephone	10,000	-	10,000
Dues and subscriptions	10,000	(1,000)	9,000
Transportation and contingency	3,000	(2,000)	1,000
Postage and printing	<u>8,000</u>	<u>3,500</u>	<u>11,500</u>
	493,000	12,202	505,202
Memorial capital	5,000	1,153	6,153
Capital expenditures	<u>28,000</u>	<u>-</u>	<u>28,000</u>
Total Library	<u>526,000</u>	<u>13,355</u>	<u>539,355</u>
<b>GARAGE DEPARTMENT</b>			
Salaries	174,000	6,240	180,240
Salaries, administration	46,000	2,870	48,870
Social Security	14,000	3,316	17,316
Retirement	35,000	245	35,245
Employee insurance	44,000	2,190	46,190
Uniforms	4,500	(774)	3,726
Tool allowance	-	4,800	4,800
Insurance and bonds	20,000	-	20,000
Supplies	10,000	-	10,000
Repairs-building and grounds	15,000	(10,000)	5,000
Equipment repairs and maintenance	6,000	-	6,000
Gas and oil	3,000	-	3,000
Utility/telephone	<u>7,000</u>	<u>(3,500)</u>	<u>3,500</u>
	378,500	5,387	383,887
Capital expenditures	<u>212,000</u>	<u>(182,000)</u>	<u>30,000</u>
Total Garage	<u>590,500</u>	<u>(176,613)</u>	<u>413,887</u>
<b>TOTAL GENERAL EXPENDITURES</b>	<u>\$ 11,821,800</u>	<u>\$ (1,333,140)</u>	<u>\$ 10,488,660</u>

<b>Actual</b>	<b>Variance With Final Budget Positive (Negative)</b>	<b>2022 Actual</b>
226,005	(343)	219,655
48,365	505	27,582
20,989	29	18,914
40,541	1,102	38,161
72,284	8,225	64,563
7,359	1,641	5,800
17,252	(3,252)	15,936
28,827	(3,827)	26,611
4,159	3,841	7,786
9,849	151	9,359
7,138	1,862	8,821
2,379	(1,379)	4,028
<u>16,426</u>	<u>(4,926)</u>	<u>8,879</u>
501,573	3,629	456,095
7,428	(1,275)	6,278
<u>34,941</u>	<u>(6,941)</u>	<u>18,998</u>
<u>543,942</u>	<u>(4,587)</u>	<u>481,371</u>
187,117	(6,877)	178,334
48,365	505	27,582
18,014	(698)	15,752
36,315	(1,070)	32,380
46,527	(337)	35,971
4,228	(502)	3,096
3,200	1,600	-
11,972	8,028	7,402
12,398	(2,398)	12,838
5,321	(321)	8,467
7,004	(1,004)	7,682
3,107	(107)	2,647
<u>5,111</u>	<u>(1,611)</u>	<u>6,110</u>
388,679	(4,792)	338,261
<u>34,670</u>	<u>(4,670)</u>	<u>8,149</u>
<u>423,349</u>	<u>(9,462)</u>	<u>346,410</u>
<u>\$ 9,332,308</u>	<u>\$ 1,156,352</u>	<u>\$ 8,444,515</u>



## **PROPRIETARY FUND**

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**CITY OF LIVINGSTON, TEXAS**  
**COMPARATIVE STATEMENT OF NET POSITION**  
**ELECTRIC, WATER AND SEWER FUND**  
**SEPTEMBER 30, 2023 AND 2022**

<b>ASSETS</b>	<b>2023</b>	<b>2022</b>
Current assets:		
Cash	\$ 3,431,371	\$ 5,817,167
Certificates of deposit	-	5,000,000
Investments	32,828,133	20,131,480
Restricted assets		
Cash in bank, water and sewer system improvements	500,844	1,364,196
Cash in bank, reserve fund	519,789	367,452
Receivables:		
Returned checks receivable	3,598	26,742
Utility accounts receivable	<u>2,074,720</u>	<u>1,967,836</u>
Total current assets	<u>39,358,455</u>	<u>34,674,873</u>
Noncurrent assets:		
Capital assets:		
Land	694,222	694,222
Building and improvements	810,448	629,836
Equipment and fixtures	3,337,031	3,260,243
Electrical system	13,584,632	11,575,445
Water system	17,836,570	16,598,986
Sewer system	12,426,937	11,143,450
Water service contract rights	<u>16,400,000</u>	<u>17,190,000</u>
	65,089,840	61,092,182
Less accumulated depreciation	<u>(13,927,492)</u>	<u>(13,115,108)</u>
Net capital assets	<u>51,162,348</u>	<u>47,977,074</u>
Total assets	<u>90,520,803</u>	<u>82,651,947</u>
Deferred outflows of resources:		
Amounts related to pensions		
Contributions after December 31, 2022	185,043	193,661
Difference in investment returns	<u>961,701</u>	<u>-</u>
Total Deferred Outflows of Resources	<u>1,146,744</u>	<u>193,661</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 91,667,547</u>	<u>\$ 82,845,608</u>

**CITY OF LIVINGSTON, TEXAS**  
**COMPARATIVE STATEMENT OF NET POSITION**  
**ELECTRIC, WATER AND SEWER FUND**  
**SEPTEMBER 30, 2023 AND 2022**

	<b>2023</b>	<b>2022</b>
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	\$ 2,464,336	\$ 1,070,558
Meter deposits	708,604	649,275
Contracts payable	810,000	790,000
Total current liabilities	<u>3,982,940</u>	<u>2,509,833</u>
Noncurrent liabilities due in more than one year:		
Net pension liability	1,862,024	214,729
Contracts payable	15,590,000	16,400,000
Total noncurrent liabilities	<u>17,452,024</u>	<u>16,614,729</u>
Total liabilities	<u>21,434,964</u>	<u>19,124,562</u>
Deferred inflows of resources:		
Amounts related to pensions		
Restricted for:		
Difference in investment returns	-	593,010
Amounts related to grants	<u>437,570</u>	<u>1,301,461</u>
Total Deferred Inflows of Resources	<u>437,570</u>	<u>1,894,471</u>
Total Liabilities and Deferred Inflows of Resources	<u>21,872,534</u>	<u>21,019,033</u>
<b>NET POSITION</b>		
Net investment in capital assets	34,762,348	30,787,074
Restricted for water and sewer system improvements	500,844	1,364,196
Restricted for Trinity River Authority contracts payable	519,789	367,452
Unrestricted	<u>34,012,032</u>	<u>29,307,853</u>
Total Net Position	<u>\$ 69,795,013</u>	<u>\$ 61,826,575</u>

**CITY OF LIVINGSTON, TEXAS**  
**COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND CHANGES**  
**IN NET POSITION**  
**ELECTRIC, WATER, AND SEWER FUND**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022**

**Business-Type Activities - Enterprise Fund**

	<b><u>2023</u></b>	<b><u>2022</u></b>
<b><u>Operating revenues:</u></b>		
Charges for sales and services:		
Electricity sales	\$ 11,787,552	\$ 10,688,938
Water sales	3,471,768	3,266,302
Sewer service charges	2,534,631	2,411,921
Penalties, utilities	181,863	164,819
Water tapping fees	14,813	42,318
Sewer tapping fees	8,000	10,903
Recoveries, electrical	7,480,982	7,303,893
Recoveries, water	116,570	240,335
Grants	863,891	-
Revenue, night lights	96,255	101,105
Service fees	70,541	55,735
Total Operating Revenues	<u>26,626,866</u>	<u>24,286,269</u>
<b><u>Operating expenses:</u></b>		
Light and Power Department	9,819,268	8,369,124
Water Department	5,360,969	4,841,315
Sewer Department	1,080,900	870,305
Depreciation	812,384	697,035
Total Operating Expenses	<u>17,073,521</u>	<u>14,777,779</u>
Operating Income	9,553,345	9,508,490
<b><u>Non-operating revenues:</u></b>		
Interest income	<u>1,174,163</u>	<u>110,498</u>
Income Before Transfers and Special Item	10,727,508	9,618,988
Special Item - Assets Received	-	3,652,149
Transfers Out	<u>(2,759,070)</u>	<u>(1,490,295)</u>
Change in net position	7,968,438	11,780,842
Total net position - beginning	<u>61,826,575</u>	<u>50,045,733</u>
Total net position - ending	<u>\$ 69,795,013</u>	<u>\$ 61,826,575</u>

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**CITY OF LIVINGSTON, TEXAS**  
**COMPARATIVE STATEMENT OF CASH FLOWS**  
**ELECTRIC, WATER, AND SEWER FUND**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022**

**Business-Type Activities - Enterprise Fund**

	<b><u>2023</u></b>	<b><u>2022</u></b>
Cash flows from operating activities:		
Cash received from customers	\$ 26,602,454	\$ 23,756,775
Cash payments to suppliers for goods and services	(13,998,936)	(11,938,500)
Cash payments to employees for services	<u>(1,631,111)</u>	<u>(1,639,091)</u>
Net cash provided by operating activities	<u>10,972,407</u>	<u>10,179,184</u>
Cash flows from noncapital financing activities:		
Transfers to other funds	<u>(2,759,070)</u>	<u>(1,490,295)</u>
Net cash used for noncapital financing activities	<u>(2,759,070)</u>	<u>(1,490,295)</u>
Cash flows from capital and related financing activities:		
Acquisition of capital assets	<u>(4,787,658)</u>	<u>(1,571,130)</u>
Net cash used for capital and related financing activities	<u>(4,787,658)</u>	<u>(1,571,130)</u>
Cash flows from investing activities:		
Purchase of certificates of deposit	-	(4,000,000)
Sale of certificates of deposit	5,000,000	-
Purchase of investments	(12,696,653)	(106,542)
Interest on cash and investments	<u>1,174,163</u>	<u>110,498</u>
Net cash used by investing activities	<u>(6,522,490)</u>	<u>(3,996,044)</u>
Net Change in Cash and Cash Equivalents	(3,096,811)	3,121,715
Cash and Cash Equivalents at Beginning of Year	<u>7,548,815</u>	<u>4,427,100</u>
Cash and Cash Equivalents at End of Year	<u>\$ 4,452,004</u>	<u>\$ 7,548,815</u>
		(Continued)
Non-cash capital and related financing activities:		
Capital assets received from Sam Rayburn Municipal Power Authority	<u>\$ -</u>	<u>\$ 3,652,149</u>

**CITY OF LIVINGSTON, TEXAS  
COMPARATIVE STATEMENT OF CASH FLOWS  
ELECTRIC, WATER, AND SEWER FUND  
FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022**

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**Business-Type Activities - Enterprise Fund**

	<b><u>2023</u></b>	<b><u>2022</u></b>
Reconciliation of income from operations to net cash provided by operating activities:		
Income from operations	\$ 9,553,345	\$ 9,508,490
Adjustments to reconcile operating net income to net cash provided by operating activities:		
Depreciation	812,384	697,035
Change in operating assets and liabilities:		
Returned checks receivable	23,144	(2,430)
Utility accounts receivable	(106,884)	(530,380)
Deferred outflows	(953,083)	23,674
Accounts payable	1,393,778	(522,991)
Meter deposits	59,329	3,317
Net pension liability	1,647,295	(622,156)
Deferred inflows	(1,456,901)	1,624,625
Total adjustments	<u>1,419,062</u>	<u>670,694</u>
Net cash provided by operating activities	<u>\$ 10,972,407</u>	<u>\$ 10,179,184</u>
Reconciliation of total cash and cash investments		
Unrestricted	\$ 3,431,371	\$ 5,817,167
Restricted		
Cash in bank, water and sewer system improvements	500,844	1,364,196
Cash in bank, reserve fund	<u>519,789</u>	<u>367,452</u>
Total cash and cash equivalents	<u>\$ 4,452,004</u>	<u>\$ 7,548,815</u>

(Concluded)



## **ENTERPRISE FUND**

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**CITY OF LIVINGSTON, TEXAS**  
**ENTERPRISE FUND**  
**SCHEDULE OF EXPENSES BY DEPARTMENT - COMPARED TO BUDGET**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	<b>2023</b>			
	<b>Original Budget</b>	<b>Revisions</b>	<b>Final</b>	<b>Actual</b>
<b>LIGHT AND POWER DEPARTMENT</b>				
Salaries	\$ 754,000	\$ (82,682)	\$ 671,318	\$ 730,008
Salaries, administration	46,000	2,870	48,870	48,365
Social Security	60,000	(4,906)	55,094	59,546
Retirement	118,000	(3,634)	114,366	167,859
Employee insurance	144,000	(4,210)	139,790	138,692
Uniform rental	12,000	(1,450)	10,550	9,763
Insurance and bonds	60,000	-	60,000	38,942
Legal and professional	30,000	(3,500)	26,500	71,670
Engineering	1,000	(1,000)	-	608
Supplies	60,000	105,000	165,000	218,344
Repairs-building and grounds and equipment	120,000	(55,000)	65,000	79,077
Gas and oil	30,000	(15,000)	15,000	15,489
Utility/telephone	10,000	(2,000)	8,000	7,062
Dues and subscriptions	10,000	-	10,000	6,812
Power purchase	11,300,000	(4,100,000)	7,200,000	8,180,773
Transportation and contingency	12,000	-	12,000	3,444
Utility billing	18,000	(2,000)	16,000	12,246
Postage and miscellaneous	8,000	7,000	15,000	12,549
Auditing and accounting	17,000	1,500	18,500	18,019
Total Light and Power	<u>12,810,000</u>	<u>(4,159,012)</u>	<u>8,650,988</u>	<u>9,819,268</u>
<b>WATER DEPARTMENT</b>				
Salaries	556,000	(205,616)	350,384	497,683
Salaries - administration	46,000	2,870	48,870	48,365
Social Security	43,000	(6,169)	36,831	42,466
Retirement	94,000	(17,545)	76,455	119,724
Employee insurance	132,000	(18,817)	113,183	113,108
Uniform rental	12,000	(1,500)	10,500	12,425
Insurance and bonds	40,000	-	40,000	26,483
Legal and professional	17,000	(4,000)	13,000	14,690
Supplies	220,500	(55,500)	165,000	205,270
Repairs-building and grounds	17,000	(2,000)	15,000	13,748
Equipment rental	-	-	-	71,906
Repairs-equipment	110,000	90,000	200,000	200,163
Gas and oil	81,000	(41,000)	40,000	44,336
Engineering	20,000	(15,500)	4,500	3,234
Dues and subscriptions	25,000	(5,000)	20,000	17,171
Water-TRA	464,000	-	464,000	460,987
Operations and maintenance-TRA	1,853,000	(23,000)	1,830,000	1,835,582
Transportation and contingency	51,000	(29,000)	22,000	28,913
Utility billing	18,000	(3,000)	15,000	12,246
Postage and printing	20,000	(4,000)	16,000	12,550
TRA-debt service	1,553,000	-	1,553,000	1,561,903
Auditing and accounting	17,000	1,500	18,500	18,016
Total Water	<u>5,389,500</u>	<u>(337,277)</u>	<u>5,052,223</u>	<u>5,360,969</u>

<b>Variance</b>	<b>2022 Actual</b>
\$ (58,690)	\$ 726,481
505	39,780
(4,452)	58,619
(53,493)	(8,207)
1,098	121,520
787	10,284
21,058	20,013
(45,170)	83,769
(608)	-
(53,344)	50,622
(14,077)	100,696
(489)	24,526
938	7,663
3,188	9,690
(980,773)	7,066,851
8,556	11,804
3,754	13,796
2,451	15,882
481	15,335
<u>(1,168,280)</u>	<u>8,369,124</u>
(147,299)	493,135
505	29,041
(5,635)	40,416
(43,269)	(5,654)
75	109,894
(1,925)	9,383
13,517	18,761
(1,690)	17,700
(40,270)	143,765
1,252	13,180
(71,906)	-
(163)	139,527
(4,336)	66,327
1,266	4,076
2,829	19,719
3,013	463,268
(5,582)	1,642,041
(6,913)	29,821
2,754	13,796
3,450	15,883
(8,903)	1,561,903
484	15,333
<u>(308,746)</u>	<u>4,841,315</u>

**CITY OF LIVINGSTON, TEXAS**  
**ENTERPRISE FUND**  
**SCHEDULE OF EXPENSES BY DEPARTMENT - COMPARED TO BUDGET**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	<b>2023</b>			
	<b>Original Budget</b>	<b>Revisions</b>	<b>Final</b>	<b>Actual</b>
SEWER DEPARTMENT				
Salaries	297,000	(28,857)	268,143	258,283
Salaries, administration	46,000	2,870	48,870	48,406
Social Security	24,000	252	24,252	23,976
Retirement	51,000	(658)	50,342	67,609
Employee insurance	60,000	4,154	64,154	51,882
Uniform rental	8,000	(2,700)	5,300	6,669
Insurance and bonds	22,000	-	22,000	4,848
Lab fees-engineering	22,000	-	22,000	31,930
Supplies	75,000	-	75,000	113,045
Chemicals	27,000	-	27,000	28,310
Legal/professional	10,000	(7,500)	2,500	4,587
Repairs-equipment	130,000	70,000	200,000	227,898
Equipment rental	-	-	-	900
Repairs-building and grounds	50,000	(25,000)	25,000	78,096
Gas and oil	15,000	(6,500)	8,500	8,294
Dues and subscriptions	15,000	-	15,000	12,910
Transportation and contingency	68,000	2,050	70,050	66,320
Utilities and telephone	47,000	-	47,000	46,937
Total Sewer	<u>967,000</u>	<u>8,111</u>	<u>975,111</u>	<u>1,080,900</u>
TOTAL ENTERPRISE FUND				
DEPARTMENT EXPENDITURES	<u>\$ 19,166,500</u>	<u>\$ (4,488,178)</u>	<u>\$ 14,678,322</u>	<u>\$ 16,261,137</u>

<b>Variance</b>	<b>2022 Actual</b>
9,860	323,071
464	27,582
276	27,258
(17,267)	(3,650)
12,272	56,852
(1,369)	5,287
17,152	5,728
(9,930)	18,124
(38,045)	66,971
(1,310)	21,697
(2,087)	7,958
(27,898)	156,891
(900)	-
(53,096)	22,042
206	9,129
2,090	13,354
3,730	65,777
63	46,234
<u>(105,789)</u>	<u>870,305</u>
 <u>\$ (1,582,815)</u>	 <u>\$ 14,080,744</u>

## **STATISTICAL SECTION**

## **FINANCIAL TRENDS**

**These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.**



**CITY OF LIVINGSTON, TEXAS**  
**NET POSITION BY COMPONENT**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

	<b>Fiscal Year</b>		
	<b>2014</b>	<b>2015</b>	<b>2016</b>
Governmental activities			
Net investment in capital assets	\$ 2,964,659	\$ 4,437,694	\$ 4,740,690
Restricted	12,825	6,523	13,362
Unrestricted	<u>1,270,906</u>	<u>(217,812)</u>	<u>618,282</u>
Total governmental activities net position	<u>\$ 4,248,390</u>	<u>\$ 4,226,405</u>	<u>\$ 5,372,334</u>
Business-type activities			
Net investment in capital assets	\$ 20,254,016	\$ 20,890,615	\$ 21,350,643
Restricted	111,356	117,270	123,885
Unrestricted	<u>6,620,642</u>	<u>7,761,709</u>	<u>12,609,642</u>
Total business-type activities net position	<u>\$ 26,986,014</u>	<u>\$ 28,769,594</u>	<u>\$ 34,084,170</u>
Primary government			
Net investment in capital assets	\$ 23,218,675	\$ 25,328,309	\$ 26,091,333
Restricted	124,181	123,793	137,247
Unrestricted	<u>7,891,548</u>	<u>7,543,897</u>	<u>13,227,924</u>
Total primary government net position	<u>\$ 31,234,404</u>	<u>\$ 32,995,999</u>	<u>\$ 39,456,504</u>

TABLE A-1

Fiscal Year						
2017	2018	2019	2020	2021	2022	2023
\$ 5,464,673	\$ 5,626,496	\$ 5,921,989	\$ 10,946,446	\$ 10,451,397	\$ 10,195,637	\$ 10,050,256
14,443	9,848	6,430	-	-	30,202	36,410
(534,353)	51,562	(65,999)	388,210	2,012,958	3,590,970	5,183,111
<u>\$ 4,944,763</u>	<u>\$ 5,687,906</u>	<u>\$ 5,862,420</u>	<u>\$ 11,334,656</u>	<u>\$ 12,464,355</u>	<u>\$ 13,816,809</u>	<u>\$ 15,269,777</u>
\$ 21,913,595	\$ 21,927,012	\$ 22,730,912	\$ 25,785,660	\$ 26,260,831	\$ 30,787,074	\$ 34,762,348
472,253	797,893	509,084	487,332	1,117,576	1,731,648	1,020,633
16,596,760	17,703,779	22,642,267	18,658,580	22,667,326	29,307,853	34,012,032
<u>\$ 38,982,608</u>	<u>\$ 40,428,684</u>	<u>\$ 45,882,263</u>	<u>\$ 44,931,572</u>	<u>\$ 50,045,733</u>	<u>\$ 61,826,575</u>	<u>\$ 69,795,013</u>
\$ 27,378,268	\$ 27,553,508	\$ 28,652,901	\$ 36,732,106	\$ 36,712,228	\$ 40,982,711	\$ 44,812,604
486,696	807,741	515,514	487,332	1,117,576	1,761,850	1,057,043
16,062,407	17,755,341	22,576,268	19,046,790	24,680,284	32,898,823	39,195,143
<u>\$ 43,927,371</u>	<u>\$ 46,116,590</u>	<u>\$ 51,744,683</u>	<u>\$ 56,266,228</u>	<u>\$ 62,510,088</u>	<u>\$ 75,643,384</u>	<u>\$ 85,064,790</u>

TABLE A-2

**CITY OF LIVINGSTON, TEXAS**  
**CHANGES IN NET POSITION**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

	Fiscal Year					
	2014	2015	2016	2017	2018	2019
<b>Expenses</b>						
Governmental activities:						
Administrative	\$ 628,524	\$ 629,168	\$ 697,407	\$ 649,067	\$ 546,294	\$ 624,090
Sanitation	705,207	701,377	701,452	740,246	764,143	812,677
Fire	429,642	431,539	473,390	480,753	510,309	547,489
Police	1,912,194	1,992,910	2,171,640	2,259,591	2,269,710	2,545,281
Paving and street	993,905	1,082,684	1,356,218	1,238,574	1,335,446	1,276,557
Parks and recreation	947,878	1,060,084	1,061,374	1,101,262	1,113,057	1,183,383
Library	448,499	476,226	515,985	511,324	519,798	554,824
Garage	218,840	217,587	234,349	240,257	255,314	285,713
Interest on long-term debt	325,625	278,500	252,050	225,050	197,100	188,100
Total governmental activities expense	<u>6,610,314</u>	<u>6,870,075</u>	<u>7,463,865</u>	<u>7,446,124</u>	<u>7,511,171</u>	<u>8,018,114</u>
Business-type activities:						
Electric, water and sewer	14,519,484	14,628,936	14,721,612	14,772,164	15,082,355	15,808,351
Total business-type activities expenses	<u>14,519,484</u>	<u>14,628,936</u>	<u>14,721,612</u>	<u>14,772,164</u>	<u>15,082,355</u>	<u>15,808,351</u>
Total primary government expenses	<u>21,129,798</u>	<u>21,499,011</u>	<u>22,185,477</u>	<u>22,218,288</u>	<u>22,593,526</u>	<u>23,826,465</u>
<b>Program Revenues</b>						
Governmental activities:						
Charges for services						
Administrative	101,595	92,722	91,839	142,640	92,630	132,723
Sanitation	1,038,218	1,041,025	1,102,931	1,215,053	1,213,940	1,230,181
Police	275,621	294,900	315,638	347,779	359,665	406,947
Paving and street	11,485	4,156	2,219	-	27,146	908
Parks and recreation	192,800	331,809	186,002	191,187	191,412	179,350
Library	23,829	32,866	18,130	19,163	21,062	21,785
Operating grants and contributions	60,484	86,898	142,999	69,403	64,384	80,759
Capital grants and contributions	-	219,600	52,350	3,050	-	-
Total governmental activities program revenues	<u>1,704,032</u>	<u>2,103,976</u>	<u>1,912,108</u>	<u>1,988,275</u>	<u>1,970,239</u>	<u>2,052,653</u>
Business-type activities:						
Charges for services						
Electric, water and sewer	17,055,406	19,551,817	22,691,589	20,484,503	18,444,719	23,007,770
Capital grants and contributions	-	-	-	-	-	-
Total business-type activities program revenues	<u>17,055,406</u>	<u>19,551,817</u>	<u>22,691,589</u>	<u>20,484,503</u>	<u>18,444,719</u>	<u>23,007,770</u>
Total primary government program revenues	<u>18,759,438</u>	<u>21,655,793</u>	<u>24,603,697</u>	<u>22,472,778</u>	<u>20,414,958</u>	<u>25,060,423</u>
Net (Expense) Revenues						
Governmental activities	(4,906,282)	(4,766,099)	(5,551,757)	(5,457,849)	(5,540,932)	(5,965,461)
Business-type activities	2,535,922	4,922,881	7,969,977	5,712,339	3,362,364	7,199,419
Total primary government program net expense	<u>(2,370,360)</u>	<u>156,782</u>	<u>2,418,220</u>	<u>254,490</u>	<u>(2,178,568)</u>	<u>1,233,958</u>
<b>General Revenues and Other Changes in Net Position</b>						
Governmental activities:						
Taxes						
Sales taxes	3,431,399	3,488,475	3,597,499	3,759,664	4,055,937	3,888,574
Franchise taxes	135,253	142,040	136,844	128,601	115,006	132,500
Hotel/Motel taxes	318,487	297,152	296,831	316,075	362,937	352,302
Investment earnings	3,918	3,389	2,926	3,382	4,303	6,525
Transfers	406,434	2,347,835	2,663,586	822,556	1,925,344	1,760,074
Total governmental activities	<u>4,295,491</u>	<u>6,278,891</u>	<u>6,697,686</u>	<u>5,030,278</u>	<u>6,463,527</u>	<u>6,139,975</u>
Business-type activities:						
Investment earnings	12,351	8,930	8,185	8,655	9,056	14,234
Special item - assets received	-	-	-	-	-	-
Transfers	(406,434)	(2,347,835)	(2,663,586)	(822,556)	(1,925,344)	(1,760,074)
Total business-type activities	<u>(394,083)</u>	<u>(2,338,905)</u>	<u>(2,655,401)</u>	<u>(813,901)</u>	<u>(1,916,288)</u>	<u>(1,745,840)</u>
Total primary government	<u>3,901,408</u>	<u>3,939,986</u>	<u>4,042,285</u>	<u>4,216,377</u>	<u>4,547,239</u>	<u>4,394,135</u>
<b>Changes in Net Position</b>						
Governmental activities	(610,791)	1,512,792	1,145,929	(427,571)	922,595	174,514
Business-type activities	2,141,839	2,583,976	5,314,576	4,898,438	1,446,076	5,453,579
Total primary government	<u>\$ 1,531,048</u>	<u>\$ 4,096,768</u>	<u>\$ 6,460,505</u>	<u>\$ 4,470,867</u>	<u>\$ 2,368,671</u>	<u>\$ 5,628,093</u>

TABLE A-2

2020	2021	2022	2023
\$ 612,710	\$ 608,012	\$ 624,095	\$ 703,695
806,598	839,771	971,774	1,093,109
605,842	615,684	662,911	655,920
2,542,525	2,544,742	2,466,594	3,278,120
1,322,083	1,358,565	1,332,002	1,635,698
1,126,189	1,173,597	1,237,130	1,301,892
536,713	505,850	550,599	655,649
307,729	305,285	343,438	442,837
52,010	-	-	-
<u>7,912,399</u>	<u>7,951,506</u>	<u>8,188,543</u>	<u>9,766,920</u>
<u>16,238,727</u>	<u>16,209,267</u>	<u>14,777,779</u>	<u>17,073,521</u>
<u>16,238,727</u>	<u>16,209,267</u>	<u>14,777,779</u>	<u>17,073,521</u>
<u>24,151,126</u>	<u>24,160,773</u>	<u>22,966,322</u>	<u>26,840,441</u>
123,113	893,750	186,934	225,022
1,255,418	1,329,946	1,331,928	1,417,853
325,262	509,371	536,637	499,764
48,734	4,082	3,853	14,186
177,266	143,063	215,809	128,316
15,985	17,357	13,583	21,677
80,802	327,722	91,630	93,221
-	-	-	14,250
<u>2,026,580</u>	<u>3,225,291</u>	<u>2,380,374</u>	<u>2,414,289</u>
21,942,905	22,032,797	24,286,269	25,762,975
-	-	-	863,891
<u>21,942,905</u>	<u>22,032,797</u>	<u>24,286,269</u>	<u>26,626,866</u>
<u>23,969,485</u>	<u>25,258,088</u>	<u>26,666,643</u>	<u>29,041,155</u>
(5,885,819)	(4,726,215)	(5,808,169)	(7,352,631)
<u>5,704,178</u>	<u>5,823,530</u>	<u>9,508,490</u>	<u>9,553,345</u>
<u>(181,641)</u>	<u>1,097,315</u>	<u>3,700,321</u>	<u>2,200,714</u>
4,188,740	4,667,079	5,209,435	5,505,516
140,748	134,243	118,774	161,274
333,924	333,636	337,814	350,045
4,872	2,466	4,305	29,694
<u>6,689,771</u>	<u>718,490</u>	<u>1,490,295</u>	<u>2,759,070</u>
<u>11,358,055</u>	<u>5,855,914</u>	<u>7,160,623</u>	<u>8,805,599</u>
34,902	9,121	110,498	1,174,163
-	-	3,652,149	-
<u>(6,689,771)</u>	<u>(718,490)</u>	<u>(1,490,295)</u>	<u>(2,759,070)</u>
<u>(6,654,869)</u>	<u>(709,369)</u>	<u>2,272,352</u>	<u>(1,584,907)</u>
<u>4,703,186</u>	<u>5,146,545</u>	<u>9,432,975</u>	<u>7,220,692</u>
5,472,236	1,129,699	1,352,454	1,452,968
<u>(950,691)</u>	<u>5,114,161</u>	<u>11,780,842</u>	<u>7,968,438</u>
<u>\$ 4,521,545</u>	<u>\$ 6,243,860</u>	<u>\$ 13,133,296</u>	<u>\$ 9,421,406</u>

**CITY OF LIVINGSTON, TEXAS**  
**FUND BALANCES GOVERNMENTAL FUNDS**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**

	Fiscal Year			
	2014	2015	2016	2017
General Fund				
Restricted	\$ 296	\$ 2,421	\$ 1,419	\$ 14,497
Unassigned	<u>1,270,609</u>	<u>1,231,446</u>	<u>2,372,108</u>	<u>1,356,179</u>
Total General Fund	<u>\$ 1,270,905</u>	<u>\$ 1,233,867</u>	<u>\$ 2,373,527</u>	<u>\$ 1,370,676</u>
All Other Governmental Funds				
Restricted				
Debt Service Fund	\$ 12,825	\$ 6,523	\$ 13,362	\$ 14,443
Capital Projects Fund	<u>833,076</u>	<u>507,620</u>	<u>-</u>	<u>-</u>
Total all other governmental funds	<u>\$ 845,901</u>	<u>\$ 514,143</u>	<u>\$ 13,362</u>	<u>\$ 14,443</u>

- A. All outstanding bonds were redeemed in 2020 which terminated the requirement for the Debt Service Fund.

**TABLE A-3**

<b>Fiscal Year</b>					
<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
\$ 13,475 <u>1,946,866</u>	\$ 16,029 <u>1,969,614</u>	\$ 10,822 <u>2,539,274</u>	\$ 27,595 <u>3,886,882</u>	\$ 30,202 <u>5,012,981</u>	\$ 36,410 <u>6,894,941</u>
<u>\$ 1,960,341</u>	<u>\$ 1,985,643</u>	<u>\$ 2,550,096</u>	<u>\$ 3,914,477</u>	<u>\$ 5,043,183</u>	<u>\$ 6,931,351</u>
\$ 9,848 <u>-</u>	\$ 6,430 <u>-</u>	\$ - <u>-</u>	A. \$ - <u>-</u>	\$ - <u>-</u>	\$ - <u>-</u>
<u>\$ 9,848</u>	<u>\$ 6,430</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF LIVINGSTON, TEXAS**  
**CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**

	Fiscal Year			
	2014	2015	2016	2017
<b>Revenues</b>				
Taxes	\$ 3,885,139	\$ 3,927,667	\$ 4,031,174	\$ 4,204,340
Licenses and permits	78,737	66,122	61,394	108,801
Charges for service	1,311,551	1,290,760	1,357,043	1,436,597
Fines and forfeitures	261,363	280,259	298,337	324,687
Miscellaneous	88,191	430,104	190,184	126,335
Total Revenues	<u>5,624,981</u>	<u>5,994,912</u>	<u>5,938,132</u>	<u>6,200,760</u>
<b>Expenditures</b>				
Administrative	569,230	590,106	584,639	579,236
Sanitation	705,087	701,257	701,332	740,126
Fire	393,104	396,935	420,082	429,930
Police	1,802,083	1,882,425	1,912,124	2,059,888
Paving and street	486,078	536,667	533,445	591,772
Parks and recreation	802,039	933,864	885,012	931,813
Library	335,764	350,494	365,558	370,697
Garage	198,707	201,151	204,859	219,323
Capital outlay	1,498,439	1,820,144	1,063,738	807,251
Debt service				
Interest	366,800	278,500	252,050	225,050
Principal	<u>990,000</u>	<u>1,020,000</u>	<u>1,040,000</u>	<u>1,070,000</u>
Total Expenditures	<u>8,147,331</u>	<u>8,711,543</u>	<u>7,962,839</u>	<u>8,025,086</u>
Excess of revenues over (under) expenditures	(2,522,350)	(2,716,631)	(2,024,707)	(1,824,326)
<b>Other Financing Sources (Uses)</b>				
Transfers in	3,276,767	3,638,885	4,457,253	2,117,649
Transfers out	<u>(2,870,333)</u>	<u>(1,291,050)</u>	<u>(1,793,667)</u>	<u>(1,295,093)</u>
Total other financing sources	<u>406,434</u>	<u>2,347,835</u>	<u>2,663,586</u>	<u>822,556</u>
Net change in fund balances	<u>\$ (2,115,916)</u>	<u>\$ (368,796)</u>	<u>\$ 638,879</u>	<u>\$ (1,001,770)</u>
Debt service as a percentage of noncapital expenditures	20.4%	18.8%	18.7%	17.9%

**TABLE A-4**

<b>Fiscal Year</b>					
<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
\$ 4,533,880	\$ 4,373,376	\$ 4,663,412	\$ 5,134,958	\$ 5,666,023	\$ 6,016,835
62,259	104,453	90,198	150,646	122,927	162,304
1,440,739	1,426,243	1,402,317	1,510,650	1,590,221	1,601,841
370,040	360,926	340,150	491,009	483,046	499,035
21,089	174,036	206,356	1,112,374	220,709	181,391
<u>6,428,007</u>	<u>6,439,034</u>	<u>6,702,433</u>	<u>8,399,637</u>	<u>8,082,926</u>	<u>8,461,406</u>
489,166	552,891	556,405	561,194	619,238	622,830
764,023	812,556	806,478	839,651	971,533	1,092,989
470,361	469,002	529,813	561,607	631,011	566,367
2,182,844	2,310,261	2,327,817	2,497,742	2,540,886	2,976,726
682,258	578,273	630,545	674,615	701,327	951,224
961,081	969,930	951,965	1,056,019	1,172,318	1,113,308
395,713	409,877	394,764	391,171	456,095	501,573
247,642	264,100	273,463	281,054	338,261	388,679
838,093	1,402,234	830,921	890,693	1,013,846	1,118,612
197,100	188,100	52,010	-	-	-
<u>540,000</u>	<u>220,000</u>	<u>5,480,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>7,768,281</u>	<u>8,177,224</u>	<u>12,834,181</u>	<u>7,753,746</u>	<u>8,444,515</u>	<u>9,332,308</u>
(1,340,274)	(1,738,190)	(6,131,748)	645,891	(361,589)	(870,902)
2,657,288	2,164,381	6,689,771	718,490	1,490,295	2,759,070
(731,944)	(404,307)	-	-	-	-
<u>1,925,344</u>	<u>1,760,074</u>	<u>6,689,771</u>	<u>718,490</u>	<u>1,490,295</u>	<u>2,759,070</u>
<u>\$ 585,070</u>	<u>\$ 21,884</u>	<u>\$ 558,023</u>	<u>\$ 1,364,381</u>	<u>\$ 1,128,706</u>	<u>\$ 1,888,168</u>
10.6%	6.0%	46.1%	0.0%	0.0%	0.0%



## **REVENUE CAPACITY**

**These schedules contain information to help the reader assess the City's most available local revenue sources, property tax, sales tax, and electrical, water and sewer revenues.**

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TABLE B-1

**CITY OF LIVINGSTON, TEXAS**  
**ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY**  
**Last Ten Fiscal Years**

<b>Tax Year</b>	<b>Real Property (1)</b>		<b>Personal (1)</b>
	<b>Assessed Value</b>	<b>Estimated Actual Value</b>	<b>Assessed Value</b>
2013	426,618,926	426,618,926	56,419,925
2014	430,245,544	430,245,544	57,118,833
2015	433,212,953	433,212,953	64,160,968
2016	448,000,838	448,000,838	60,225,314
2017	459,769,932	459,769,932	62,424,297
2018	480,902,271	480,902,271	59,874,367
2019	502,633,542	502,633,542	58,985,787
2020	508,573,553	508,573,553	60,371,906
2021	510,866,226	510,866,226	70,068,904
2022	517,945,169	517,945,169	80,765,392

(1) Information was provided by the Polk Central Appraisal District.

**TABLE B-1**

<b>Personal (1)</b>	<b>Total Property</b>		<b>Ratio of Total</b>	<b>Total</b>
<b>Estimated</b>	<b>Assessed</b>	<b>Estimated</b>	<b>Assessed to</b>	
<b>Actual Value</b>	<b>Value</b>	<b>Actual Value</b>	<b>Total</b>	<b>Direct Rate</b>
			<b>Estimated</b>	<b>Applied</b>
			<b>Actual Value</b>	
56,419,925	483,038,851	483,038,851	100%	0%
57,118,833	487,364,377	487,364,377	100%	0%
64,160,968	497,373,921	497,373,921	100%	0%
60,225,314	508,226,152	508,226,152	100%	0%
62,424,297	522,194,229	522,194,229	100%	0%
59,874,367	540,776,638	540,776,638	100%	0%
58,985,787	561,619,329	561,619,329	100%	0%
60,371,906	568,945,459	568,945,459	100%	0%
70,068,904	580,935,130	580,935,130	100%	0%
80,765,392	598,710,561	598,710,561	100%	0%

**CITY OF LIVINGSTON, TEXAS**  
**PROPERTY TAX RATES AND TAX LEVIES - DIRECT AND OVERLAPPING GOVERNMENTS**  
**Last Ten Fiscal Years**  
**(1)**

**TAX RATES PER \$100 ASSESSED VALUATION**  
**(DIRECT AND OVERLAPPING)**

<b>County Fiscal Year</b>	<b>City General Fund</b>	<b>School District</b>	<b>County</b>	<b>Total</b>
2013	.00	1.3950	0.6461	2.0411
2014	.00	1.3950	0.6461	2.0411
2015	.00	1.3900	0.6461	2.0361
2016	.00	1.3900	0.6461	2.0361
2017	.00	1.3900	0.6461	2.0361
2018	.00	1.3900	0.6461	2.0361
2019	.00	1.3233	0.6461	1.9694
2020	.00	1.3097	0.6461	1.9558
2021	.00	1.2369	0.6376	1.8745
2022	.00	1.1320	0.6100	1.7420

<b>County Fiscal Year</b>	<b>City General Fund</b>	<b>School District</b>	<b>County</b>	<b>Total</b>
2013	-	19,422,286	18,472,325	37,894,611
2014	-	19,859,301	18,851,462	38,710,763
2015	-	20,316,019	18,956,761	39,272,780
2016	-	21,532,466	20,362,629	41,895,095
2017	-	19,697,126	18,171,100	37,868,226
2018	-	22,841,226	21,980,245	44,821,471
2019	-	23,274,178	21,977,735	45,251,913
2020	-	25,511,222	19,386,927	44,898,149
2021	-	38,756,821	19,751,273	58,508,094
2022	-	25,242,757	28,288,924	53,531,681

Tax Rate Limitations: General Law City with a maximum authorized tax rate of \$1.50 for all purposes, imposed by Texas Constitution.

Tax Payment Data: Taxes are due October 1; Delinquent after January 31. No discounts allowed for early payment.

Tax Collection Data: Tax statements on current tax mailed October 1; second notice on unpaid current tax mailed on January 1. Delinquent notices mailed to all taxpayers once annually.

(1) All information in this schedule was provided by the Polk County Tax Assessor/Collector's office.

TABLE B-3

**CITY OF LIVINGSTON, TEXAS  
PRINCIPAL REVENUE PAYERS  
Current Year and Nine Years Ago**

**TEN LARGEST ELECTRIC CUSTOMERS  
FISCAL 2023 KILOWATT HOURS**

(*) Name	Kilowatt Hours	Rank	Percent of Total
Livingston Independent School Dist.	6,062,037	1	7.46%
Polk County	4,290,689	2	5.28%
HEB Pantry Foods	2,268,393	3	2.79%
Brookshire Brothers	2,023,598	4	2.49%
Lowe's Home Improvement	1,356,600	5	1.67%
Bradford at Brookside	904,800	6	1.11%
McDonalds	832,800	7	1.02%
Pine Ridge Healthcare Center	675,000	8	0.83%
Premier Auto Plex	639,666	9	0.79%
Burgerworks Texas	544,900	10	0.67%
First State Bank	-		0.00%
Factory Stores of America	-		0.00%
	<u>19,598,483</u>		<u>24.12%</u>

**TEN LARGEST ELECTRIC CUSTOMERS  
FISCAL 2014 KILOWATT HOURS**

Kilowatt Hours	Rank	Percent of Total
7,156,948	1	8.44%
3,337,451	2	3.94%
1,895,668	5	2.24%
2,263,319	4	2.67%
3,292,694	3	3.88%
1,144,170	6	1.35%
972,042	7	1.15%
-		0.00%
827,169	8	0.98%
-		0.00%
652,835	10	0.77%
771,060	9	0.91%
<u>22,313,356</u>		<u>26.31%</u>

**TEN LARGEST WATER CUSTOMERS  
FISCAL 2023 GALLONS USED**

(*) Name	Gallons Used	Rank	Percent of Total
Texas Department of Criminal Just.	298,107,000	1	49.05%
IAH Detention Facility	19,915,000	2	3.28%
Livingston Independent School Dist.	10,784,000	3	1.77%
Pine Hill Apartments	7,149,000	4	1.18%
Polk County	7,055,000	5	1.16%
Pine Ridge Healthcare Center	5,606,000	6	0.92%
Camp Cho Yeh	5,201,000	7	0.86%
Bradford at Brookside	4,428,000	8	0.73%
First Methodist Church	3,984,000	9	0.66%
Memorial Medical Center	1,691,000	10	0.28%
LaQuinta	-		0.00%
	<u>363,920,000</u>		<u>59.88%</u>

**TEN LARGEST WATER CUSTOMERS  
FISCAL 2014 GALLONS USED**

Gallons Used	Rank	Percent of Total
238,498,000	1	35.36%
29,814,000	2	4.42%
11,823,000	4	1.75%
5,534,000	6	0.82%
8,061,000	5	1.20%
2,886,000	9	0.43%
4,986,000	7	0.74%
3,993,000	8	0.59%
-		0.00%
13,488,000	3	2.00%
2,397,000	10	0.36%
<u>321,480,000</u>		<u>47.66%</u>

**CITY OF LIVINGSTON, TEXAS  
PROPERTY TAX LEVIES AND COLLECTIONS  
Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percent of Levy Collected</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>
2013-14	N/A	N/A	N/A	-	-
2014-15	N/A	N/A	N/A	-	-
2015-16	N/A	N/A	N/A	-	-
2016-17	N/A	N/A	N/A	-	-
2017-18	N/A	N/A	N/A	-	-
2018-19	N/A	N/A	N/A	-	-
2019-20	N/A	N/A	N/A	-	-
2020-21	N/A	N/A	N/A	-	-
2021-22	N/A	N/A	N/A	-	-
2022-23	N/A	N/A	N/A	-	-

\* City discontinued levying property taxes in fiscal 1989.

TABLE B-4

<b>Total Collections as Percent of Current Levy</b>	<b>Adjustment</b>	<b>Outstanding Delinquent Taxes</b>	<b>Outstanding Delinquent as a Percent of Total Tax Levy</b>
N/A	-	-	N/A
N/A	-	-	N/A
N/A	-	-	N/A
N/A	-	-	N/A
N/A	-	-	N/A
N/A	-	-	N/A
N/A	-	-	N/A
N/A	-	-	N/A
N/A	-	-	N/A
N/A	-	-	N/A



**TABLE B-5**

**CITY OF LIVINGSTON, TEXAS  
TAXABLE SALES BY CATEGORY  
Last Ten Fiscal Years**

	<b>Fiscal Year</b>			
	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
Mining	\$ -	\$ -	\$ -	\$ 5,892
Construction	4,302,348	4,357,712	5,839,513	2,828,797
Manufacturing	6,711,331	5,935,164	7,437,680	7,338,917
Transportation, communication, utility	231,890	248,119	229,389	237,053
Wholesale Trade	10,848,869	10,046,996	9,793,097	6,611,068
Retail Trade	142,313,890	142,208,459	124,622,403	150,182,763
Finance, insurance, real estate	1,899,028	2,013,205	2,471,029	2,353,850
Services and other	<u>38,727,778</u>	<u>39,477,491</u>	<u>43,277,048</u>	<u>45,521,468</u>
Total	<u>\$205,035,134</u>	<u>\$ 204,287,146</u>	<u>\$ 193,670,159</u>	<u>\$ 215,079,808</u>

Source: State Comptroller's Office

**TABLE B-5**

<b>Fiscal Year</b>					
<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
\$ -	\$ -	\$ -	\$ -	\$ 17,511	\$ -
3,368,703	4,999,590	3,857,243	2,030,219	4,446,381	6,902,104
7,838,552	6,131,611	5,057,706	6,705,829	9,670,676	10,111,757
257,023	147,792	266,008	272,157	269,763	623,215
6,299,002	6,167,509	5,800,663	5,500,826	4,460,884	47,910,743
153,086,173	155,304,015	158,137,179	177,749,436	190,922,218	237,562,667
2,301,532	2,510,620	2,182,031	2,193,236	2,111,509	2,005,046
<u>45,484,035</u>	<u>45,787,613</u>	<u>45,573,813</u>	<u>48,131,650</u>	<u>62,894,799</u>	<u>12,362,266</u>
<u>\$ 218,635,020</u>	<u>\$ 221,048,750</u>	<u>\$ 220,874,643</u>	<u>\$ 242,583,353</u>	<u>\$ 274,793,741</u>	<u>\$ 317,477,798</u>

**CITY OF LIVINGSTON, TEXAS  
ELECTRICAL, WATER, AND SEWER REVENUES  
Last Ten Fiscal Years**

	<b>Fiscal Year</b>			
	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
Electrical revenues	\$ 12,262,970	\$ 14,952,135	\$ 17,663,467	\$ 14,998,630
Water revenues	2,916,915	2,707,222	2,947,552	3,367,577
Sewer revenues	<u>1,875,521</u>	<u>1,892,460</u>	<u>2,080,570</u>	<u>2,118,296</u>
Total	<u>\$ 17,055,406</u>	<u>\$ 19,551,817</u>	<u>\$ 22,691,589</u>	<u>\$ 20,484,503</u>

Sources: Various City Departments

**TABLE B-6**

<b>Fiscal Year</b>					
<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
\$ 13,011,389	\$ 17,565,089	\$ 16,210,295	\$ 16,231,451	\$ 18,314,490	\$ 19,617,193
3,337,436	3,243,058	3,233,546	3,438,157	3,548,955	3,603,151
<u>2,095,894</u>	<u>2,199,623</u>	<u>2,499,064</u>	<u>2,363,189</u>	<u>2,422,824</u>	<u>3,406,522</u>
<u>\$ 18,444,719</u>	<u>\$ 23,007,770</u>	<u>\$ 21,942,905</u>	<u>\$ 22,032,797</u>	<u>\$ 24,286,269</u>	<u>\$ 26,626,866</u>

## **DEBT CAPACITY**

**These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.**

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TABLE C-1

**CITY OF LIVINGSTON, TEXAS**  
**RATIOS OF OUTSTANDING DEBT BY TYPE**  
**Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>CERTIFICATES OF OBLIGATION</b>	<b>GENERAL OBLIGATION BONDS</b>	<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>BUSINESS-TYPE ACTIVITIES WATER SERVICE CONTRACTS PAYABLE</b>
2013-14	5,900,000 (3)	3,470,000 (3)	9,370,000	22,510,000 (1) (4)
2014-15	5,850,000	2,500,000	8,350,000	21,900,000
2015-16	5,800,000	1,510,000	7,310,000	21,280,000
2016-17	5,750,000	490,000	6,240,000	20,645,000
2017-18	5,700,000	-	5,700,000	19,990,000
2018-19	5,480,000	-	5,480,000	19,315,000
2019-20	-	-	-	18,625,000
2020-21	-	-	-	17,950,000
2021-22	-	-	-	17,190,000
2022-23	-	-	-	16,400,000

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(1) The Trinity River Authority issued \$2,715,000 in water system improvement bonds in 2012 to be repaid by the City proprietary fund. Bonds were refinanced by Trinity River Authority in 2021.

(2) U.S. Census 2010.

(3) The City issued \$6,000,000 in new bonds and \$3,100,000 in refunding bonds in 2012.

(4) The Trinity River Authority issued \$20,575,000 in water system improvement bonds in 2012 to be repaid by the City proprietary fund.

(5) U.S. Census 2020.

**TABLE C-1**

<b><u>TOTAL PRIMARY GOVERNMENT</u></b>	<b><u>PERCENTAGE OF PERSONAL INCOME</u></b>	<b><u>GROSS BONDED DEBT PER CAPITA</u></b>	<b><u>NET BONDED DEBT PER CAPITA</u></b>	<b><u>POPULATION</u></b>
31,880,000	17.04%	1,756	1,754	5,335 (2)
30,250,000	15.85%	1,565	1,564	5,335
28,590,000	14.14%	1,370	1,368	5,335
26,885,000	13.19%	1,170	1,167	5,335
25,690,000	12.60%	1,068	1,067	5,335
24,795,000	11.78%	1,027	1,026	5,335
18,625,000	8.77%	-	-	5,335
17,950,000	7.43%	-	-	5,640 (5)
17,190,000	6.91%	-	-	5,640
16,400,000	6.17%	-	-	5,640



**CITY OF LIVINGSTON, TEXAS**  
**RATIO OF NET GENERAL BONDED DEBT TO**  
**ASSESSED VALUE AND NET BONDED DEBT PER CAPITA**  
**Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>Population</u>	<u>Assessed Value (1)</u>	<u>Gross Bonded Debt (2)</u>	<u>Less: Debt Service Fund</u>
2013-14	5,335 (3)	483,038,851	9,370,000	12,825
2014-15	5,335	487,364,377	8,350,000	6,523
2015-16	5,335	497,373,921	7,310,000	13,362
2016-17	5,335	508,226,152	6,240,000	14,443
2017-18	5,335	522,194,229	5,700,000	9,848
2018-19	5,335	540,776,638	5,480,000	6,430
2019-20	5,335	561,619,329	-	-
2020-21	5,640 (4)	568,945,459	-	-
2021-22	5,640	580,935,130	-	-
2022-23	5,640	598,710,561	-	-

(1) Net of exemptions (information provided by Polk Central Appraisal District)

(2) Since 1988, the City has had no bonds that are being repaid through general property taxes.

(3) U.S. Census 2010

(4) U.S. Census 2020

**TABLE C-2**

<b>Net Bonded Debt</b>	<b>Ratio of Net Bonded Debt to Assessed Value</b>	<b>Net Bonded Debt Per Capita</b>
9,357,175	-	1,754
8,343,477	-	1,564
7,296,638	-	1,368
6,225,557	-	1,167
5,690,152	-	1,067
5,473,570	-	1,026
-	-	-
-	-	-
-	-	-
-	-	-

TABLE C-3

**CITY OF LIVINGSTON, TEXAS  
COMPUTATION OF DIRECT AND OVERLAPPING DEBT  
September 30, 2023**

<b>Governmental Unit</b>	<b>Outstanding Debt</b>	<b>Percentage Applicable to This Governmental Unit *</b>	<b>City of Livingston's Share of Debt</b>
(1) Livingston Independent School District	49,060,000	20%	9,812,000
(2) County of Polk	18,022,854	13%	2,342,971
Total overlapping debt	67,082,854		12,154,971
Total direct and overlapping debt	<u>\$ 67,082,854</u>		<u>\$ 12,154,971</u>

(1) Information provided by Livingston Independent School District Business Office

(2) Information provided by Polk County Auditor's Office

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Livingston, Texas. This process recognizes that when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore, responsible for repaying the debt of each overlapping government.

\*For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the City's boundaries and dividing it by each unit's taxable assessed value.

TABLE C-4

**CITY OF LIVINGSTON, TEXAS**  
**COMPUTATION OF LEGAL DEBT MARGIN**  
**September 30, 2023**

Assessed value, year 2022	<u>\$ 598,710,561</u>
Debt Limit - Ten Percent of assessed value	59,871,056
Amount of Debt Applicable to Debt Limit:	
Other debt (contracts payable)	<u>16,400,000</u>
Total debt	<u>16,400,000</u>
Less: Assets in debt service fund	-
Total amount of debt applicable to debt limit	<u>16,400,000</u>
Legal debt margin	<u>\$ 43,471,056</u>

<b>Fiscal Year</b>	<b>Debt Limit</b>	<b>Total Net Debt Applicable to Limit</b>	<b>Legal Debt Margin</b>	<b>Legal Debt Margin as a Percentage of the Debt Limit</b>
2014	\$ 48,303,885	\$ 31,867,175	\$ 16,436,710	34.03%
2015	\$ 48,736,438	\$ 30,243,477	\$ 18,492,961	37.94%
2016	\$ 49,737,392	\$ 28,576,638	\$ 21,160,754	42.54%
2017	\$ 50,822,615	\$ 26,870,557	\$ 23,952,058	47.13%
2018	\$ 52,219,423	\$ 25,680,152	\$ 26,539,271	50.82%
2019	\$ 54,077,664	\$ 24,788,570	\$ 29,289,094	54.16%
2020	\$ 56,161,933	\$ 18,625,000	\$ 37,536,933	66.84%
2021	\$ 56,894,546	\$ 17,950,000	\$ 38,944,546	68.45%
2022	\$ 58,093,513	\$ 17,190,000	\$ 40,903,513	70.41%
2023	\$ 59,871,056	\$ 16,400,000	\$ 43,471,056	72.61%

Note: Under state finance law, the City's outstanding general obligation debt should not exceed ten percent of total assessed property value. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds.

## **DEMOGRAPHIC AND ECONOMIC INFORMATION**

**These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.**

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TABLE D-1

**CITY OF LIVINGSTON, TEXAS**  
**DEMOGRAPHIC AND ECONOMIC STATISTICS**  
**Last Ten Fiscal Years**

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<b>Fiscal Year</b>	<b>Population</b>	<b>Personal Income</b>	<b>Per Capita Personal Income</b>	<b>Unemployment Rate</b>
2013-14	5,335	187,114,455	35,073	6.30%
2014-15	5,335	190,864,960	35,776	5.90%
2015-16	5,335	202,132,480	37,888	6.90%
2016-17	5,335	203,871,690	38,214	5.60%
2017-18	5,335	203,850,350	38,210	4.80%
2018-19	5,335	210,401,730	39,438	4.30%
2019-20	5,335	212,429,030	39,818	9.80%
2020-21	5,640	241,561,200	42,830	8.70%
2021-22	5,640	248,659,311	44,089	2.40%
2022-23	5,640	265,926,000	47,150	4.80%

\* Sources: Population provided by the 2010 and 2020 census. Personal income and unemployment rate provided by the Bureau of Economic Analysis.

**CITY OF LIVINGSTON, TEXAS  
PRINCIPAL EMPLOYERS  
Current Year and Nine Years Ago**

---

(*) <u>Name</u>	<b><u>2023</u></b>			<b><u>2014</u></b>		
	<u>Employees</u>	<u>Rank</u>	<u>Percent of Total City Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percent of Total City Employment</u>
Livingston Independent School Dist.	550	1	11.99%	613	1	7.86%
Walmart Super Center	384	2	8.37%	454	2	5.82%
CHI St Luke's Health	323	3	7.04%	342	3	4.38%
Polk County	300	4	6.54%	-		0.00%
IAH Detention Facility	179	5	3.90%	177	5	2.27%
Lowe's Home Improvement	140	6	3.05%	157	6	2.01%
Sam Houston Electric Coop	128	7	2.79%	156	7	2.00%
The Bradford at Brookside	98	8	2.14%	146	8	1.87%
HEB Pantry Foods	97	9	2.12%	-		0.00%
First National Bank	62	10	1.35%	-		0.00%
STI Group	-		0.00%	100	10	1.28%
Pine Ridge Healthcare Center	-		0.00%	102	9	1.31%
Memorial Medical Center	-		<u>0.00%</u>	<u>332</u>	4	<u>4.26%</u>
	<u>2,261</u>		<u>49.30%</u>	<u>2,579</u>		<u>33.06%</u>

(\*) Information provided by the City of Livingston, Texas.



## **OPERATING INFORMATION**

**These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.**

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**CITY OF LIVINGSTON, TEXAS**  
**FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM**  
**Last Ten Fiscal Years**

<b>Full-time Equivalent Employees as of September 30,</b>					
<b><u>FUNCTION/PROGRAM</u></b>	<b><u>2014</u></b>	<b><u>2015</u></b>	<b><u>2016</u></b>	<b><u>2017</u></b>	<b><u>2018</u></b>
Administrative    B	12	12	12	11	13
Fire                A	2	1	1	1	1
Police					
Officers	18	18	18	18	19
Other staff	8	8	8	7	8
Paving and street	6	7	6	7	5
Parks and recreation	9	9	9	9	8
Library	5	5	5	5	5
Garage	2	2	2	2	2
Electric, Water & Sewer	<u>21</u>	<u>19</u>	<u>20</u>	<u>20</u>	<u>18</u>
Total	<u>83</u>	<u>81</u>	<u>81</u>	<u>80</u>	<u>79</u>

Sources: Various City Departments

- A. The City does not have a paid fire department. The City has approximately 37 citizens who volunteer to serve in the fire department.
- B. Includes 2 employees assigned to community development and 1 employee assigned to Main Street for 2006 and subsequent years.

**TABLE E-1**

<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
12	12	12	15	15
1	1	1	1	1
20	20	20	24	27
7	8	8	8	8
5	6	5	7	6
10	10	9	7	7
5	4	5	5	5
2	2	3	3	3
<u>19</u>	<u>20</u>	<u>18</u>	<u>17</u>	<u>16</u>
<u>81</u>	<u>83</u>	<u>81</u>	<u>87</u>	<u>88</u>

**CITY OF LIVINGSTON, TEXAS**  
**OPERATING INDICATORS BY FUNCTION/PROGRAM**  
**Last Ten Fiscal Years**

<b>FUNCTION/PROGRAM</b>	<b>Fiscal Year</b>			
	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
Police				
Violations (Traffic & Criminal)	4,588	4,402	4,840	4,273
Fire				
Fire Calls	508	531	592	587
Library				
Volumes of Books	18,335	19,798	19,817	21,305
Electric				
Average daily kilowatt hours sold	232,292	234,643	230,634	282,310
Total customers	3,320	3,316	3,313	3,286
Water				
Average daily consumption	1,847,951	1,458,384	1,528,677	1,569,050
Total connections	3,286	3,299	3,289	3,291

Sources: Various City Departments

**TABLE E-2**

<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
4,735	4,382	2,988	5,570	4,065	5,535
627	523	631	638	720	835
19,466	20,999	18,224	19,937	19,238	18,143
229,114 3,321	220,793 3,332	213,870 3,423	220,826 3,485	221,260 3,460	225,062 3,491
1,553,392 3,302	1,562,151 3,325	2,253,570 3,392	1,594,471 3,530	1,579,578 3,388	1,599,813 3,543

TABLE E-3

**CITY OF LIVINGSTON, TEXAS**  
**CAPITAL ASSETS STATISTICS BY FUNCTION/PROGRAM**  
**Last Ten Fiscal Years**

<b>FUNCTION/PROGRAM</b>	<b>Fiscal Year</b>			
	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
Police				
Patrol Units	16	16	17	19
Fire				
Stations and substation	3	3	3	4
Vehicles including fire trucks	17	17	15	15
Paving and Street				
Miles of Paved Streets	58.06	58.06	59.06	59.06
Miles of Paved Sidewalks	12.50	12.50	12.50	12.50
Street lights	821	821	828	828
Night lights	467	467	472	481
Parks & Recreation				
Acres of Parks	373.50	373.50	373.50	373.50
Water				
Miles of water mains	46.63	46.63	48.18	48.49
Storage capacity-gallons	3,150,000	3,150,000	3,300,000	3,300,000
Sewer				
Miles of sewer lines	80.75	80.75	81.60	81.60

Sources: Various City Departments

TABLE E-3

<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
19	19	17	18	18	20
4	4	4	4	4	4
16	15	15	15	15	15
59.06	59.06	59.16	59.16	59.16	59.16
12.50	12.50	12.50	12.50	12.50	12.50
830	832	835	838	830	830
483	474	476	476	476	476
373.50	373.50	373.50	373.50	373.50	373.50
48.51	49.71	49.71	50.45	50.45	50.45
3,300,000	3,300,000	3,850,000	3,850,000	3,850,000	3,850,000
81.60	81.60	81.72	81.72	81.72	81.72



**MISCELLANEOUS STATISTICAL DATA - UNAUDITED**

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## CITY OF LIVINGSTON, TEXAS

**MISCELLANEOUS STATISTICAL DATA - UNAUDITED**

DATE OF INCORPORATION:	October 3, 1902
GOVERNMENT:	General Law City Council - Manager Elected Officials: Mayor Five (5) Council members
POPULATION:	1990 U.S. Census - 5,019 2000 U.S. Census - 5,433 2010 U.S. Census - 5,335 2020 U.S. Census - 5,640

**INCORPORATED AREA IN ACRES LAST TEN YEARS**

2014	5,572	2019	5,572
2015	5,572	2020	5,572
2016	5,572	2021	5,572
2017	5,572	2022	5,572
2018	5,572	2023	5,572

**TRANSPORTATION FACILITIES**Streets

59.16 Miles paved street  
9.75 Unpaved streets  
10.50 Miles undeveloped streets  
12.50 Miles sidewalk

Highways

U.S. 59 and U.S. 190 Intersect  
in Downtown Area. Also serve as  
principal city streets

Railways

Union Pacific RR Company

Municipal Airport

Runway - 3,700' paved  
Windsocks, tie downs, telephone  
Privately owned hangars  
Airport lighted

**WATER AND SANITATION FACILITIES**Water Mains

12" 10.76 miles  
8" 15.12 miles  
6" 22.09 miles  
20" 4.35 miles

Water Pumpage

Present requirements 2,272,000  
gallons per day

Water Storage

Elevated - 2,200,000 gallons  
Ground - 1,650,000 gallons

Sewer Lines

Sanitation - 81.72 miles of line  
Storm - Adequate for proper  
drainage

## CITY OF LIVINGSTON, TEXAS

## MISCELLANEOUS STATISTICAL DATA - UNAUDITED

**PERSONNEL**

<u>Department</u>	<u>Number of Employees</u>	<u>Employees Statistics</u>	
		<u>Years of Service</u>	<u>Number of Employees</u>
Administrative	10	31+	4
Electric	7	20-30	13
Water	6	15-19	8
Sewer	3	10-14	12
Police	35	6-9	12
Street	6	1-5	29
Parks and Recreational	7	Less than (one) 1 year	<u>10</u>
Library	5		
Garage	3		<u>88</u>
Community Devel.	2		
Fire	1		
Main Street	1		
Trade Days	<u>2</u>		
Total	<u>88</u>		

**PERSONNEL POLICY PROVISIONS**

Cost of Living Salary Adjustment

Merit System (all regular full-time employees)

Paid vacation (80 hours after one year)

(120 hours after 10 years)

(160 hours after 20 years)

Paid sick leave (80 hours) with 320 hours accrual

Paid Holidays (Thirteen)

Bereavement Leave (24 hours)

Earned personal leave days (One)

Award program-Annual banquet, safety,  
service, attendance, and volunteer awards

Education tuition reimbursement

Family Leave (FMLA)

Workers Compensation Program

Paid insurance Benefits - all regular

(40 Hours plus) full-time employees and  
portion of dependents (hospitalization  
and life insurance, dental and vision  
prescription cards).

Retirement Benefits ratio match 2:1

Social Security/Medicare

Volunteer Program (MVP)

Sick Leave Pool

Holiday Compensation

Law Enforcement Certificate Pay

Telecommunication Officer Certificate Pay

Paid uniforms for all service personnel

Healthy initiative program

Water/Wastewater Certificate pay

## CITY OF LIVINGSTON, TEXAS

## MISCELLANEOUS STATISTICAL DATA - UNAUDITED

<b><u>POLICE PROTECTION</u></b>		
<b><u>Personnel at Full Staff</u></b>		<b><u>Equipment</u></b>
One (1) Chief	One (1) Municipal Court Judge	Twenty (20) Patrol Units
One (1) Lieutenant	One (1) Secretary/Comm. Spv	Eleven (11) Radars
Five (5) Sergeants	One (1) Municipal Court Clerk	Radio Communication System
Two (2) Detectives	One (1) Records Clerk	Computer System
Ten (10) Officers	One (1) Evidence Clerk	
Five (5) Reserve Officers		
Four (4) Telecommunication Officers		<b><u>Traffic and Criminal Violations</u></b>
Two (2) Relief Telecommunication Officer		\$192,138 fines collected
One (1) Animal Control Officer		5,535 violations
Five (5) School Officers		
 <b><u>FIRE PROTECTION</u></b>		
<b><u>Personnel</u></b>		<b><u>Housing</u></b>
One (1) Fire Chief		
Thirty-six (36) volunteer firemen		1992 Station 1 - 8 Truck bays, 2 offices 1 classroom, and 1 workroom
Two (2) radio dispatchers - full time and Two (2) relief		
One (1) secretary		1996 Station 2 - 5 Truck bays
<b><u>Equipment</u></b>		2007 Station 3 - 2 Truck bays
Five (5) pumpers (4-1250 GPM; 1-750 GPM)		2016 Station 4 - 4 Truck bays
One (1) aerial ladder truck (2000 GPM)		
Two (2) tankers (3000 gal. capacity)		
Two (2) rescue boats and equipment		
One (1) Command Post-32' self-contained		
Radio communication system including 50 mobile units, dispatch module and 6 remotes		Fire Training Field - Used for live fire training and other rescue classes
"Jaws" of life (6 sets with 2 set of air bags)		
Water rescue equipment		
Trench rescue equipment		
Rope rescue equipment		
Four (4) Thermal imagers		
Two (2) utility vehicles		
Three (3) Grass/brush fire trucks	50 gallons Micro Blaze	<b><u>Total Fire Calls</u></b>
One (1) Heavy Rescue	75 self-contained air packs	2022-2023 - 835 fire calls
1-6 Bottle cascade system-light tower	6 generators	
1-8 Bottle cascade system	8 entry saws	
300 gallons AFFF Foam	Hazardous material equipment	
200 gallons Forestry Foam	3 Ventilation saws	
One (1) John Deere Gator	3 Metal cutoff saws	
One (1) Skid Unit	3 450 GPM Float Pumps	

## CITY OF LIVINGSTON, TEXAS

**MISCELLANEOUS STATISTICAL DATA - UNAUDITED****POPULATION INFORMATION**

U.S. Census - 1940	1,851
U.S. Census - 1950	2,855
U.S. Census - 1960	3,398
U.S. Census - 1970	3,925
U.S. Census - 1980	4,928
U.S. Census - 1990	5,019
U.S. Census - 2000	5,433
U.S. Census - 2010	5,335
U.S. Census - 2020	5,640

**ENTERPRISES AS OF SEPTEMBER 30, 2022**

(1) CenterPoint Energy	Gas Utility	Active Customers 1,207 Inactive Customers N/A
(1) LivCom	Telephone System	Access Lines - 3,198
(1) LivCom	Television Cable	Customers - 339
City of Livingston	Electric & Water Systems	Electric Customers 3,491 Water Customers 3,543
(1) Information provided by individual corporate offices		

**CITY ELECTRIC DEPARTMENT STATISTICS (LAST TEN YEARS)**

Fiscal Year	Number of Customers	KWH Consumed		Total
		Residential	Commercial	
2014	3,320	29,358,471	55,428,091	84,786,562
2015	3,316	29,362,807	56,282,603	85,645,410
2016	3,313	28,627,609	55,553,783	84,181,392
2017	3,286	27,095,100	55,533,800	82,628,900
2018	3,321	29,401,722	54,224,892	83,626,614
2019	3,332	26,887,498	53,701,934	80,589,432
2020	3,423	29,162,337	48,900,108	78,062,445
2021	3,485	29,766,797	50,833,792	80,600,589
2022	3,460	25,749,925	51,375,632	77,125,557
2023	3,491	28,956,904	49,636,981	78,593,885

## CITY OF LIVINGSTON, TEXAS

## MISCELLANEOUS STATISTICAL DATA - UNAUDITED

MUNICIPAL SALES TAX

2013-14	\$ 3,431,399
2014-15	\$ 3,488,475
2015-16	\$ 3,597,499
2016-17	\$ 3,759,664
2017-18	\$ 4,055,937
2018-19	\$ 3,888,574
2019-20	\$ 4,188,740
2020-21	\$ 4,667,079
2021-22	\$ 5,209,435
2022-23	\$ 5,505,516

WATER DEPARTMENT STATISTICS (LAST TEN YEARS)

<u>Year</u>	<u>Gallons Consumed *</u>	<u>Gallons Pumped</u>
2014	538,997,000	676,494,000
2015	532,310,000	678,095,000
2016	567,570,000	765,176,000
2017	558,662,000	783,696,000
2018	566,988,000	809,890,000
2019	573,640,000	857,890,000
2020	551,010,000	829,335,000
2021	578,998,000	829,166,000
2022	576,546,000	783,757,000
2023	632,266,000	851,473,000

\* Water consumption at municipally-owned facilities not included.

\* EDUCATIONAL FACILITIESPublic Schools

Cedar Grove Elementary (Pre-K - 3)  
 Timbercreek Elementary (Pre-K - 3)  
 Pine Ridge Primary (Pre-K - Kindergarten)  
 Creekside Elementary (Grade 1-5)  
 Livingston Intermediate School (Grades 4-5)  
 Livingston Jr. High School (Grades 6-8)  
 Livingston High School (Grades 9-12)  
 Livingston Special Education and Cooperative  
 Training (Adult Education-Special Services)

Public School Miscellaneous Data

Teachers - 269.5 Certified  
 78 Aides Para Professional  
 21 Auxiliary  
 Average Daily Attendance - 3,829 Inclusive

Public School Administrative Personnel

Superintendent - One (1)  
 Chief Officers - Two (2)  
 Principals - Six (6)  
 Asst. Principals - Ten (10)  
 Counselors - Eight (8)  
 Directors of Special Prog./Curriculum -  
 Seven (7)  
 Other - Forty-seven (47)

Private

Private Kindergarten and/or  
 Nursery Schools - Three (3)

College

Angelina Junior College/  
 Polk County Commerce Center Fall 2021  
 Enrollment 217

\* Information provided by Livingston Independent School District Business Office.

## CITY OF LIVINGSTON, TEXAS

## MISCELLANEOUS STATISTICAL DATA - UNAUDITED

**CULTURAL AND RECREATIONAL ACTIVITIES**Barney Wiggins Fairgrounds

Sixty (60) Acres, Highway 146, South  
 Rodeo Arena and Concession Stand  
 Little League Baseball Complex - 5 lighted fields  
 Concessions and restrooms  
 Trailer Camp Sites, Livestock  
 Pavilion and Grandstands

Matthews Park

Eight-five (85) Acres, West  
 Matthews Street, Picnic Area, Playground  
 Equipment, Four (4) Lighted Tennis Courts,  
 Two (2) Picnic Pavilions and .5 mile lighted  
 Jogging trail with exercise stations,  
 Junior olympic pool constructed in 1992,  
 Bathhouses and Volleyball court.  
 9-hole golf course

Livingston Municipal Library

Located at 707 North Tyler Avenue. Opened  
 at new location May 2014 valued at \$2,500,000.  
 Staff-Professional Librarian, Three (3) Assistants,  
 Janitorial help.  
 Volumes; 2023 - 18,143

Joe Pedigo City Park

224 acres U.S. 59 Bypass, Phase I -  
 approximately 50 acres-completed  
 May, 1990. Baseball and softball  
 fields, soccer fields, covered picnic  
 shelters and concession stand.  
 Phase II completed in 1999 Trade  
 Days pavilions (2) and infrastructure,  
 4 softball fields, concession  
 stand, restrooms, maintenance shop,  
 and two (2) ponds.  
 Added two (2) Football Fields in 2015

**ELECTION INFORMATION**

* Number of registered voters in County November 2021	41,294
* Number voting in last general election November 2020	16,760
Number of registered voters in City 2020	3,086
** Number voting in last Municipal election (May 2016)	247
Percentage of voters voting:	
Last general election (County) (November 2020)	59.42%
** Last Municipal election (Municipal) (May 2016)	7.7%

\* Information provided by Texas Office of Secretary of State and Polk County Tax Office.

\*\* Information provided by City of Livingston.



**CITY OF LIVINGSTON, TEXAS**  
**CITY OFFICIALS**  
**For the Year Ended September 30, 2023**

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<u>Name</u>	<u>Title</u>	<u>Amount of Surety Bond</u>
Judy Cochran	Mayor	\$ 25,000
Alan Cook	Mayor Pro-tem	25,000
Raymond Luna	Alderman	25,000
Elgin Davis	Alderman	25,000
Bobby Jackson, Sr.	Alderman	25,000
Billy S Wiggins	City Manager	25,000
Linnette Barker	City Finance Director	25,000
Ellie Monteaux	City Secretary/Asst. City Manager	25,000
James Wright	City Attorney	25,000

NOTE: All employees are covered by Public Employees Blanket Bond in the amount of \$25,000.

**SINGLE AUDIT REPORTS ON EXPENDITURES OF  
FEDERAL AWARD PROGRAMS**

**CITY OF LIVINGSTON, TEXAS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

Federal Grantor/Pass-through Grantor/ Program Title	Federal Assistance Number	Contract or Pass-through Grantor's I.D. Number	Current Year Revenue	Current Year Expenditures
U.S. Department of Justice Bulletproof Vest Partnership Program	16.607	N/A	\$ 1,226	\$ 1,226
U.S. Department of Treasury American Rescue Plan Act Coronavirus Local Fiscal Recovery Funds Passed through Texas Division of Emergency Management Coronavirus Relief Funds	21.027	17460016151	<u>863,891</u>	<u>863,891</u>
Total Expenditures of Federal Awards			<u>\$ 865,117</u>	<u>\$ 865,117</u>

**CITY OF LIVINGSTON, TEXAS**  
**NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**SEPTEMBER 30, 2023**

NOTE A      BASIS OF PRESENTATION AND ACCOUNTING POLICIES

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Livingston, Texas (the City) and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Therefore, some amounts presented in the schedule may differ from amounts presented in, or used in the preparation of, the financial statements. The City has elected to not use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

**CITY OF LIVINGSTON, TEXAS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
SEPTEMBER 30, 2023**

**Section I - Summary of Auditors' Results**

***Financial Statements***

Type of auditors' report issued:

Unmodified

Internal control over financial reporting:

Significant deficiencies or material weaknesses related to the audit of the financial statements reported?

\_\_\_\_\_ Yes      X   No

Noncompliance material to the financial statements noted?

\_\_\_\_\_ Yes      X   No

***Federal Awards***

Significant deficiencies or material weaknesses related to the internal control over the major federal award programs reported?

\_\_\_\_\_ Yes      X   No

Type of auditors' report issued on compliance for each major program:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)?

\_\_\_\_\_ Yes      X   No

Identification of major programs:

**CFDA Number**

21.027

**Name of Federal Program**

American Rescue Plan Act  
Coronavirus Local Fiscal Recovery Funds

Dollar threshold used to distinguish between Type A and type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

\_\_\_\_\_ Yes      X   No

**Section II - Financial Statement Findings**

None

**Section III - Federal Award Findings and Questioned Costs**

None

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

The Honorable Judy Cochran, Mayor  
and Members of the City Council  
City of Livingston  
Livingston, Texas

We have audited, in accordance with auditing standards generally accepted in the United States 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 major fund of the City of Livingston, Texas (the City), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 13, 2024.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City'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 City's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City'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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**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 City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Harper & Pearson Company, P.C.*

HARPER & PEARSON COMPANY, P.C.

Houston, Texas  
March 13, 2024

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

The Honorable Judy Cochran, Mayor  
and Members of the City Council  
City of Livingston  
Livingston, Texas

**Report on Compliance for Each Major Federal Program*****Opinion on Each Major Federal Program***

We have audited the City of Livingston's (the City) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the City's major federal program for the year ended September 30, 2023. The City's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2023.

***Basis for Opinion on Each Major Federal Program***

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

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

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



## ***Auditor's Responsibilities for the Audit of Compliance***

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

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

## **Report on Internal Control over Compliance**

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

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

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

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

*Harper & Pearson Company, P.C.*

HARPER & PEARSON COMPANY, P.C.

Houston, Texas  
March 13, 2024