

**CITY OF LIVINGSTON
LIVINGSTON, ALABAMA
SEPTEMBER 30, 2025**



LeCroy Richardson
Certified Public Accountants

CITY OF LIVINGSTON, ALABAMA
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LeCroy Richardson

Certified Public Accountants

Independent Auditor's Report

To the Mayor and City Council
City of Livingston
Livingston, Alabama 35470

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Livingston, Alabama as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the City of Livingston, Alabama's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Livingston, Alabama, as of September 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Livingston, Alabama'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 of Livingston, Alabama's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

A handwritten signature in blue ink that reads "LeRoy Richardson, P.C.".

Northport, Alabama
September 16, 2026

CITY OF LIVINGSTON
LIVINGSTON, ALABAMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2025

This section of the City of Livingston's annual financial report presents management's discussion and analysis (MD&A) of the City's financial activities for the year ended September 30, 2025. Please use this information in conjunction with the information furnished in the City's financial statements.

The MD&A is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34; *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* issued June 1999. Certain comparative information between the current year and prior year is required to be presented in the MD&A and is included in this report.

Financial Highlights

- The total assets and deferred outflows of resources of the City of Livingston exceeded its liabilities and deferred inflows of resources at September 30, 2025, by \$2,918,191. Unrestricted net position had a deficit balance of (\$1,566,186) at September 30, 2025.
- During fiscal year 2025 the City's total net position increased by \$625,388.
- Total fund balance of governmental funds at September 30, 2025, was \$1,759,381 compared to a total governmental fund balance at September 30, 2024, of \$1,806,735.
- The General Fund had a fund balance of \$1,328,889 at September 30, 2025, compared to a fund balance of \$1,338,851 at September 30, 2024.
- The City had \$2,890,589 in long term debt at September 30, 2025, up from \$2,780,832 the previous year. The debt includes notes and leases payable, post-employment benefits other than pensions, and accrued compensated absences.
- The City reported a net pension liability at September 30, 2025, of \$815,014, down from \$1,467,669, at September 30, 2024.

Overview of the Financial Statements

This annual report consists of five parts – management discussion and analysis, the government-wide financial statements, fund financial statements, notes to the financial statements, and required supplementary information.

The financial information for the Livingston Utilities Board has not been included in the financial statements of the City of Livingston, Alabama, which is required for reporting in conformity with generally accepted accounting principles. Financial statements for the Livingston Utilities Board can be obtained directly from them upon request.

Government-Wide Financial Statements

The *government-wide financial statements* report information about all of the operations of the City in a manner similar to those used by private sector businesses. The government-wide financial statements also report information about the City's discretely presented component unit, the Industrial Development Board.

The government-wide financial statements are divided into two categories:

The *Statement of Net Position* presents all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference between them 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 is improving or deteriorating.

CITY OF LIVINGSTON
LIVINGSTON, ALABAMA
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
SEPTEMBER 30, 2025

The *Statement of Activities* presents information showing how the government's assets changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. This accrual basis of accounting requires that revenues are reported when they are earned and expenses are reported as soon as liabilities are incurred. Items such as uncollected taxes, unpaid vendor invoices for items received in the previous year, and earned but unused vacation leave will be included in the statement of activities as revenues and expenses, even though the cash associated with these items will not yet be received or disbursed.

Fund Financial Statements

A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Livingston, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The City of Livingston reports only governmental fund financial statements.

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. The governmental fund balance sheet displays a reconciliation to facilitate this comparison between governmental funds and government-wide financial statements. The reconciliation between the governmental fund statement of revenues, expenditures and changes in fund balances and governmental statement of activities is provided on a separate schedule.

The City of Livingston maintains eleven individual governmental funds for financial reporting purposes. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, the Four and Five Cent Gas Tax Fund, and the ARPA Sewer Fund, which are considered to be major funds. Information for other governmental funds is aggregated and presented as nonmajor governmental funds in the fund financial statements. Funds reported in the Nonmajor Governmental Funds column include the Seven Cent Gas Tax Fund, Municipal Court Fund, Court Officials Fund, Corrections Fund, Judicial Administration Fund, Fire Department Fund, Alabama Trust Fund, USDA Police Cars Grant Fund, and Rail Spur Fund.

Fiduciary Funds: *Fiduciary funds* are used to account for resources held for the benefit of parties outside the government. The Fiduciary funds are not reflected in the government-wide financial statements because the resources of the fund are not available to support the City of Livingston's own programs. The Cash Bonds Fund accounts for bond deposits for the City's municipal court.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is necessary to fully understand the data presented in the government-wide and fund financial statements.

CITY OF LIVINGSTON
LIVINGSTON, ALABAMA
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
SEPTEMBER 30, 2025

Required Supplementary Information

This section has information that further explains and supports the information in the financial statements by including a comparison of the City's budget data for the year. In addition, this section includes historical information regarding the City's net pension liability, employer retirement contributions, and net other post-employment benefits (OPEB).

FINANCIAL ANALYSIS OF THE CITY OF LIVINGSTON AS A WHOLE

A comparison of the City of Livingston's Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position, Fiscal Year 2025 as Compared to 2024 (in thousands):

	<u>Governmental Activities</u>		<u>Component Unit - Industrial Development Board</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Assets				
Current and Other Assets	\$ 2,353	\$ 2,163	\$ 258	\$ 189
Capital Assets	5,256	4,496	120	244
Total Assets	<u>7,609</u>	<u>6,659</u>	<u>378</u>	<u>433</u>
Deferred Outflows of Resources	<u>436</u>	<u>746</u>		
Liabilities				
Current and Other Liabilities	828	547		
Long-term Liabilities	<u>3,484</u>	<u>4,072</u>		
Total Liabilities	<u>4,312</u>	<u>4,619</u>		
Deferred Inflows of Resources	<u>815</u>	<u>493</u>		
Net Position				
Net Investment in Capital				
Assets	4,149	3,526	120	244
Restricted	335	518		
Unrestricted	<u>(1,566)</u>	<u>(1,751)</u>	<u>258</u>	<u>189</u>
Total Net Position	<u>\$ 2,918</u>	<u>\$ 2,293</u>	<u>\$ 378</u>	<u>\$ 433</u>

Net Position

Net position measures the difference between what the City owns (assets and deferred outflows of resources) versus what the City owes (liabilities and deferred inflows of resources). The total assets and deferred outflows of resources of the City of Livingston's primary government exceeded its liabilities and deferred inflows of resources at September 30, 2025, by \$2,918,191, an increase of \$625,388, over the previous year's net position balance of \$2,292,803. Of this amount, (\$1,566,186) is unrestricted and available to meet the City's on-going obligations to citizens and creditors. A portion of the City's net position is invested in capital assets net of related debt. Capital assets include land, construction in progress, buildings and improvements, equipment and machinery, and infrastructure, and are used to provide services to the citizens and are not available for future spending. Although the investment in capital assets is reported net of related debt, it

CITY OF LIVINGSTON
LIVINGSTON, ALABAMA
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
SEPTEMBER 30, 2025

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. The City's net capital assets increased in value by \$759,962, resulting from capital expenditures in excess of depreciation expense.

Assets restricted to a particular use comprise 12% of net position, and include amounts designated for street lighting and maintenance, capital building projects, and municipal court.

A comparison of the City of Livingston's Changes in Net Position, Fiscal Year 2025 as Compared to 2024 (in thousands):

	<u>Governmental Activities</u>		<u>Component Unit - Industrial Development Board</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Program Revenues				
Charges and Services	\$ 1,393	\$ 1,325	\$ 5	\$ 8
Operating Grants and Contributions	207	280		
Capital Grants and Contributions	581	34		
General Revenues				
Sales and Use Taxes	2,067	1,900		
Property Taxes for General Purposes	351	321		
Waste Bill Taxes	95	146		
Intergovernmental Revenues	140	113		
Investment Earnings	27	1	1	1
Miscellaneous	48	80		
Transfers	56	22	(56)	
Total Revenues and Transfers	<u>4,965</u>	<u>4,222</u>	<u>(50)</u>	<u>9</u>
Program Expenses				
General Government	625	890	5	36
Public Safety	1,524	1,317		
Public Works	1,549	1,541		
Cultural and Recreation	484	457		
Municipal Court	103	92		
Interest and Fees	55	49		
Total Expenses	<u>4,340</u>	<u>4,346</u>		
Change in Net Position	625	(124)	(55)	(27)
Net Position, beginning of year	<u>2,293</u>	<u>2,417</u>	<u>433</u>	<u>460</u>
Net Position, end of year	<u>\$ 2,918</u>	<u>\$ 2,293</u>	<u>\$ 378</u>	<u>\$ 433</u>

CITY OF LIVINGSTON
LIVINGSTON, ALABAMA
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
SEPTEMBER 30, 2025

Changes in Net Position

During the year, the financial position of the City's primary government increased by \$625,388 compared to the previous year's decrease of \$124,360. General revenues and transfers increased 8% in 2025 compared to 2024, primarily due to an increase in sales and use taxes. Program revenues increased approximately \$541,000 due to grants received from ARPA funds for sewer improvements (\$418,000) and grant funds received from ADECA for a rail spur. Total program expenses remained relatively constant from 2024 to 2025, with a shift from general government expenses to public safety expenses. Total government expenses decreased primarily due to a decrease in pension expense as a result of higher than expected investment income on investments in the ERS. Total public safety expenses increased primarily due to increases in police and fire salaries.

Financial Analysis of the City's Major Funds

General Fund – The General Fund is the principal fund used for the City's governmental operations. The fund balance at September 30, 2025, was \$1,328,889, a \$9,962 decrease from the prior year balance of \$1,338,851.

Four and Five Cent Gas Tax Fund – The Four and Five Cent Gas Tax Fund accounts for the expenditures from funds received from the State of Alabama to be used only for the resurfacing, restoration, and rehabilitation of roads, bridges, and streets; for bridge replacement; and for the construction of new roads within the City. The fund balance at September 30, 2025, was \$99,856, a \$119,362 decrease from the prior year balance of \$219,218, due to transfers to the general fund for payments on the existing paving loan of approximately \$92,000 and \$88,000 for paving work performed in the current year.

ARPA Sewer Fund – The ARPA Sewer Fund was created in the current year to account for grant funds received for waste water management from a pass-through grant from the Alabama Department of Environmental Management. During the year ended September 30, 2025, \$418,000 was received and expended for that purpose.

General Fund Budgetary Highlights

During fiscal year 2025, actual revenues were more than budgeted amounts by \$140,781, primarily due to tax revenues exceeding expectations by approximately \$70,000 and licenses and permits exceeding budgeted amounts by approximately \$62,000. Operating transfers were less than budget by approximately \$147,000 and loan proceeds of approximately \$270,000 were not included in the original budget.

Actual expenditures in the General Fund were more than budgeted amounts by \$297,402 due primarily to capital expenditures in excess of budget of approximately \$133,000, higher than expected debt service payments of approximately \$108,000 and higher costs related to general government activities of approximately \$125,000, as offset by lower than budgeted costs in municipal court and public safety.

CITY OF LIVINGSTON
LIVINGSTON, ALABAMA
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
SEPTEMBER 30, 2025

Capital Asset and Debt Administration

Capital Assets

At the end of fiscal year 2025, the City had \$5,256,281 invested in capital assets (net of accumulated depreciation) compared to last year's \$4,496,319, a net increase of \$759,962. Construction in process includes costs incurred for the rail spur of approximately \$218,000 and costs related to the sewer project of approximately \$418,000. Other significant additions during the year include approximately \$270,000 for the financed purchase of a freightliner truck and approximately \$266,000 in paving costs. The City's total investment in capital assets includes land, buildings and improvements, infrastructure, equipment and machinery, and vehicles. In 2025, the City recorded \$485,441 in depreciation, compared to the previous year's \$447,783. A summary of capital assets for the fiscal years 2025 and 2024 follows (in thousands):

Capital Assets

	Year ended September 30,	
	2025	2024
<u>Primary Government</u>		
Land	\$ 367	\$ 367
Construction in progress	636	
Buildings	649	647
Improvements	1,151	1,204
Equipment	350	192
Infrastructure	1,807	1,639
Vehicles	296	447
	<u>5,256</u>	<u>4,496</u>
Total Capital Assets, Primary Government	\$ 5,256	\$ 4,496
<u>Component Unit</u>		
Land	\$ 120	\$ 244
	<u>120</u>	<u>244</u>
Total Capital Assets, Component Unit	\$ 120	\$ 244

In addition to those noted above, capital additions for the year ended September 30, 2025, also included the following:

- The City spent \$10,500 on a split furnace City Hall
- The City purchased a mower for \$11,246
- An ice machine was purchased for the Fire Department at a cost of \$5,600
- A new roof was installed at Public Works at a cost of \$46,500.

CITY OF LIVINGSTON
LIVINGSTON, ALABAMA
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
SEPTEMBER 30, 2025

Long-Term Liabilities

The City's long-term debt includes outstanding notes and capital leases payable. The City also has an obligation to pay a portion of the unused annual leave and compensatory time accrued by employees, an obligation to pay City provided retiree insurance, and a liability for pension benefits. Outstanding balances as of September 30, 2025 and 2024, are summarized below (in thousands).

Long-Term Liabilities

	Year ended September 30,	
	2025	2024
Notes payable	\$ 1,459	\$ 1,322
Compensated absences	345	301
Post-employment benefits other than pension	1,086	1,158
Net pension liability	815	1,468
Total Long-Term Liabilities	<u>\$ 3,705</u>	<u>\$ 4,249</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The following are currently known state and local economic factors that are considered by the City of Livingston as we move into the 2025-2026 fiscal year.

State Factors

- Economic conditions are projected to remain relatively stable during 2026. No significant impact is expected on the budget for the fiscal year ending September 30, 2026.

Local Factors

- **Economic Conditions:** Although current economic information for the City of Livingston is unavailable, unemployment statistics for Sumter County, Alabama are available through the Alabama Department of Labor. According to the Alabama Department of Labor, in September 2025, Sumter County had a civilian labor force of 4,526 people. Of this number, 194 were unemployed. In September 2025, Sumter County, Alabama had an unemployment rate of 4.3%, which was higher than the state unemployment rate of 2.8%. The outlook for 2026 projects an increase in the Sumter County unemployment rate. Overall, economic conditions in the Livingston area remain stable with potential prospects in industrial and commercial development. Major employers located in Livingston and the surrounding area include the University of West Alabama, Sumter County Board of Education, and Waste Management, Inc.
- **Population Trends:** The City of Livingston has experienced an increase in population in recent census counts. The following table sets forth certain historical population statistics from the U.S. Census Bureau relating to the City of Livingston:

<u>Year</u>	<u>Population</u>	<u>Percent Change</u>
1970	2358	N/A
1980	3180	+34.86%
1990	3530	+11.01%

CITY OF LIVINGSTON
LIVINGSTON, ALABAMA
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
SEPTEMBER 30, 2025

2000	3297	-6.60%
2010	3485	+5.70%
2020	3436	-1.40%

Requests for Information

This report is designed to provide a general overview of the City of Livingston's finances for our citizens. If you have questions about this report or need additional financial information, contact James C. Dial III, Mayor, P.O. Drawer W, 201 Church Street, Livingston, AL 35470 or by calling (205) 652-2505 during regular office hours, Monday through Friday, from 8:00 a.m. to 5:00 p.m., Central Time.

Additional information about the services provided by the City of Livingston may be found online at www.cityoflivingstonal.com.

CITY OF LIVINGSTON
LIVINGSTON, ALABAMA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2025

		<u>Component Unit</u>
	<u>Governmental</u>	<u>Industrial</u>
	<u>Activities</u>	<u>Development</u>
		<u>Board</u>
<u>Assets</u>		
Current:		
Cash	\$ 1,531,422	\$ 220,785
Certificates of deposit	1,479	37,804
Due from other governments	276,130	
Due from Cash Bond Fund	6,364	
Due from Utility Board	445,417	
Prepaid items	91,607	
Capital assets, not depreciated:		
Land	367,066	120,007
Construction in progress	635,950	
Capital assets, net of accumulated depreciation:		
Buildings	649,771	
Improvements	1,150,873	
Infrastructure	1,807,046	
Equipment	645,575	
Total Assets	<u>7,608,700</u>	<u>378,596</u>
<u>Deferred Outflows of Resources</u>		
Deferred outflows of resources related to pensions	401,950	
Deferred outflows of resources related to OPEB	33,663	
	<u>435,613</u>	
<u>Liabilities</u>		
Current:		
Accounts payable	262,928	
Accrued expenses	84,174	
Accrued interest on long-term debt	12,710	
Due to Utility Board	245,936	
Current portion of long-term debt	135,470	
Current portion of compensated absences	86,359	
Noncurrent:		
Long-term debt	1,323,470	
Compensated absences	259,075	
Post-employment benefits	1,086,215	
Net pension liability	815,014	
Total Liabilities	<u>4,311,351</u>	
<u>Deferred Inflows of Resources</u>		
Deferred inflows of resources related to pensions	623,234	
Deferred inflows of resources related to OPEB	191,537	
	<u>814,771</u>	
<u>Net Position</u>		
Net investment in capital assets	4,148,658	120,007
Restricted for:		
Highways and streets	293,107	
Capital improvements	460	
Municipal court	42,152	
Unrestricted	(1,566,186)	258,589
Total Net Position	<u>\$ 2,918,191</u>	<u>\$ 378,596</u>

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

CITY OF LIVINGSTON
LIVINGSTON, ALABAMA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2025

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position	Component Unit
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Industrial Development Board
Primary Government:						
Governmental Activities:						
General government	\$ 625,424	\$ 509,235	\$ 77,800	\$ 162,750	\$ 124,361	\$
Public safety	1,524,061	12,383			(1,511,678)	
Public works	1,548,388	800,259	581,539		(166,590)	
Cultural and recreation	484,152	34,032			(450,120)	
Municipal court	102,601	36,818			(65,783)	
Interest and fees	55,318				(55,318)	
Total primary government	<u>4,339,944</u>	<u>1,392,727</u>	<u>659,339</u>	<u>162,750</u>	<u>(2,125,128)</u>	
Component Unit:						
Industrial Development Board	<u>5,400</u>	<u>4,823</u>				(577)
Total component unit	<u>5,400</u>	<u>4,823</u>				(577)
General revenue:						
Taxes:						
Sales and use taxes					2,066,462	
Property taxes for general purposes					351,385	
Waste bill taxes					95,374	
State shared revenues					84,868	
County shared revenues					21,395	
Investment earnings					26,876	1,335
Miscellaneous					48,456	
Transfer from Industrial Development Board for Capital Projects					55,700	(55,700)
Total General Revenues and Transfers					<u>2,750,516</u>	<u>(54,365)</u>
Change in Net Position					625,388	(54,942)
Net Position, beginning of year					<u>2,292,803</u>	<u>433,538</u>
Net Position, end of year					<u>\$ 2,918,191</u>	<u>\$ 378,596</u>

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

CITY OF LIVINGSTON
LIVINGSTON, ALABAMA
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2025

	General Fund	ARPA Sewer Fund	Four and Five Cent Gas Tax Fund	Nonmajor Governmental Funds	Total Governmental Funds
<u>Assets</u>					
Cash	\$ 988,780	\$ 62,080	\$ 180,456	\$ 300,106	\$ 1,531,422
Certificates of deposit				1,479	1,479
Due from other governments	214,046	50,440	7,378	4,266	276,130
Due from other funds	87,978			29,775	117,753
Due from Cash Bond Fund				6,364	6,364
Due from Utility Board	445,417				445,417
Prepaid items	91,607				91,607
Total Assets	<u>\$ 1,827,828</u>	<u>\$ 112,520</u>	<u>\$ 187,834</u>	<u>\$ 341,990</u>	<u>\$ 2,470,172</u>
<u>Liabilities and Fund Balances</u>					
Liabilities:					
Accounts payable	\$ 149,322	\$ 112,520	\$	\$ 1,086	\$ 262,928
Accrued expenses	84,174				84,174
Due to other funds	19,507		87,978	10,268	117,753
Due to Utility Board	245,936				245,936
Total Liabilities	<u>498,939</u>	<u>112,520</u>	<u>87,978</u>	<u>11,354</u>	<u>710,791</u>
Fund Balances:					
Nonspendable	91,607				91,607
Restricted:					
Highways and streets	31,031		99,856	162,220	293,107
Capital improvements				460	460
Municipal court				42,152	42,152
Assigned:					
Public safety				125,704	125,704
Unassigned	1,206,251			100	1,206,351
Total Fund Balances	<u>1,328,889</u>	<u></u>	<u>99,856</u>	<u>330,636</u>	<u>1,759,381</u>
Total Liabilities and Fund Balances	<u>\$ 1,827,828</u>	<u>\$ 112,520</u>	<u>\$ 187,834</u>	<u>\$ 341,990</u>	<u>\$ 2,470,172</u>

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

CITY OF LIVINGSTON
LIVINGSTON, ALABAMA
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2025

Total Fund Balance - Governmental Funds	\$ 1,759,381
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Amounts reported for governmental activities in the statement
of net position are different because:

Capital assets used in governmental activities are not
financial resources and therefore are not reported
as assets in governmental funds.

Cost	13,053,406	
Accumulated depreciation	<u>(7,797,125)</u>	5,256,281

Deferred outflows and inflows of resources related to pensions
are applicable to future periods and, therefore are not reported
in governmental funds.

Employer contributions subsequent to the measurement date	103,587	
Net difference between projected and actual earnings on pension plan investments	(473,808)	
Changes of assumptions	62,430	
Difference between expected and actual experience	<u>86,507</u>	(221,284)

Deferred outflows and inflows of resources related to OPEB are
applicable to future periods and, therefore, are not reported in
governmental funds.

Changes of assumptions	(91,178)	
Difference between expected and actual experience	<u>(66,696)</u>	(157,874)

Long-term liabilities, including notes and leases payable, are
not due and payable in the current period and therefore are
not reported as liabilities in the governmental funds. Interest
on long-term debt is not accrued in the governmental funds
but is recognized as an expenditure when due.

Notes and leases payable		(1,458,940)
Accrued interest		(12,710)
Compensated absences		(345,434)
Post-employment benefits		(1,086,215)
Net pension liability		<u>(815,014)</u>

Total Net Position - Governmental Activities	<u>\$ 2,918,191</u>
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CITY OF LIVINGSTON
LIVINGSTON, ALABAMA
STATEMENT OF REVENUES, EPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	General Fund	ARPA Sewer Fund	Four and Five Cent Gas Tax Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	\$ 2,577,310	\$	\$	\$	\$ 2,577,310
Licenses and permits	514,731				514,731
Rents and services	834,291				834,291
Fines and costs	150			36,818	36,968
Intergovernmental revenue	119,974	418,000	82,119	244,170	864,263
Miscellaneous	30,332			24,861	55,193
Interest	26,274		301	301	26,876
Total Revenues	<u>4,103,062</u>	<u>418,000</u>	<u>82,420</u>	<u>306,150</u>	<u>4,909,632</u>
Expenditures:					
Current:					
General government	652,312			40	652,352
Public safety	1,364,508				1,364,508
Public works	1,315,607				1,315,607
Cultural and recreation	412,215				412,215
Municipal court	90,257			12,344	102,601
Capital outlay	603,853	418,000		223,550	1,245,403
Debt service:					
Principal	132,233				132,233
Interest and fees	57,318				57,318
Total Expenditures	<u>4,628,303</u>	<u>418,000</u>		<u>235,934</u>	<u>5,282,237</u>
Total Revenues Over (Under) Expenditures Before Other Financing Sources (Uses)	<u>(525,241)</u>		<u>82,420</u>	<u>70,216</u>	<u>(372,605)</u>
Other Financing Sources (Uses):					
Operating transfers in	245,728			5,676	251,404
Operating transfers (out)			(201,782)	(49,622)	(251,404)
Transfer from Industrial Development Board for capital projects				55,700	55,700
Loan proceeds	269,551				269,551
Total Other Financing Sources (Uses)	<u>515,279</u>		<u>(201,782)</u>	<u>11,754</u>	<u>325,251</u>
Net Change in Fund Balance	<u>(9,962)</u>		<u>(119,362)</u>	<u>81,970</u>	<u>(47,354)</u>
Fund Balances, Beginning of Year	<u>1,338,851</u>		<u>219,218</u>	<u>248,666</u>	<u>1,806,735</u>
Fund Balances, End of Year	<u>\$ 1,328,889</u>	<u>\$</u>	<u>\$ 99,856</u>	<u>\$ 330,636</u>	<u>\$ 1,759,381</u>

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

CITY OF LIVINGSTON
LIVINGSTON, ALABAMA
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2025

Total Net Change in Fund Balance - Governmental Funds	\$ (47,354)
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Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. In the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. Depreciation and capital outlays in the current period are as follows:

Capital outlays - net	1,245,403
Depreciation expense	(485,441)

An increase in the accrual of long-term compensated absences is not reflected in the governmental funds, but it increases long-term liabilities in the statement of net position and is an increase of expense in the statement of activities.

(44,625)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.

Post-employment benefits expense, current year (increase)/decrease	98,324
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The issuance of long-term debt, including notes and leases payable, provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, is reflected in the statement of activities. A decrease in accrued interest on long-term liabilities is not reflected in the governmental funds, but it decreases long-term liabilities in the statement of net position and is an increase of expense in the statement of activities. The following amounts are the net effect of these differences in the treatment of long-term debt and related items:

Repayment of long-term debt	132,233
Proceeds from long-term debt	(269,551)
Increase in accrued interest on long-term debt	2,000

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.

Pension expense, current year (increase)/decrease	(5,601)
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Change in Net Position of Governmental Activities	\$ 625,388
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CITY OF LIVINGSTON
LIVINGSTON, ALABAMA
STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUND
SEPTEMBER 30, 2025

	Cash Bonds Fund
<u>Assets</u>	
Cash	\$ 13,416
Total Assets	13,416
<u>Liabilities</u>	
Due to Court Escrow Fund	6,364
<u>Fiduciary Net Position</u>	
Fiduciary net position - held for others	7,052
Total Net Fiduciary Position	\$ 7,052

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

CITY OF LIVINGSTON
LIVINGSTON, ALABAMA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - FIDUCIARY FUND
SEPTEMBER 30, 2025

	Cash Bonds Fund
<u>Additions</u>	
Additional bond funds received	\$ 12,559
Total Additions	<u>12,559</u>
<u>Deductions</u>	
Bond funds applied or returned	(11,524)
Total Deductions	<u>(11,524)</u>
Change in Net Position	1,035
Net Position - beginning of year	<u>6,017</u>
Net Position - end of year	<u><u>\$ 7,052</u></u>

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

CITY OF LIVINGSTON
LIVINGSTON, ALABAMA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

A. Summary of Significant Accounting Policies

The City of Livingston, Alabama, was incorporated under the laws of the State of Alabama. The City operates under a Mayor - Council form of government and provides the following services: streets, sanitation, fire and police protection, library, parks and recreation, cultural, health and welfare, and assistance with industrial development. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

The GASB established a reporting model for state and local governments that includes management's discussion and analysis, government-wide financial statements, required supplementary information as well as fund financial statements and notes.

The GASB determined that fund accounting has been and will continue to be essential in helping governments to achieve fiscal accountability and should, therefore, be retained as the basis of reporting financial results. The GASB also determined that government-wide financial statements are needed to allow users of financial reports to assess a government's operational accountability. The GASB model integrates fund-based financial reporting and government-wide financial reporting as complementary components of a single comprehensive financial reporting model.

(1) Reporting Entity

Section 2100 of the Governmental Accounting Standards Board's *Codification of Governmental Accounting and Reporting Standards* establishes standards for defining and reporting on the financial reporting entity. The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for agencies that make up its legal entity. It is also financially accountable for a legally separate agency if its officials appoint a voting majority of that agency's governing body and either it is able to impose its will on that agency or there is a potential for the agency to provide specific financial benefits to, or to impose specific financial burdens on, the primary government.

The following is a legally separate unit of government in which the City of Livingston, as primary government, appoints the Board members and there is a potential for this separate unit of government to provide specific financial benefits or to impose specific financial burdens on the City:

Livingston Utilities Board

The financial information for this legally separate unit of government has not been included in the primary government financial statements of the City of Livingston, Alabama, which is required for reporting in conformity with generally accepted accounting principles. Livingston Utilities Board issues its own separate financial statements, which can be obtained from them directly.

(2) Basis of Presentation, Basis of Accounting and Measurement Focus

Basis of Presentation

Government-wide Financial Statements: The statement of net position and the statement of activities display information about the City. These statements include the financial activities of the overall government. Eliminations have been made to minimize the

CITY OF LIVINGSTON
LIVINGSTON, ALABAMA
NOTES TO FINANCIAL STATEMENTS – CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2025

double counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. While other governments may report both governmental activities and business-type activities, the City's business-type activity, the Livingston Utilities Board, issues its own separate financial statement.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The City does not allocate indirect expenses to the various functions. Program revenues include (a) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and (b) charges to recipients of goods or services offered by the programs. Revenues that are not classified as program revenues, including all local taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide additional and detailed information about the City's funds. The City presents separate statements for its governmental funds only. The emphasis of fund financial statements is on major funds, each displayed in a separate column.

Governmental Fund Financial Statements: Governmental funds are used to account for and report the governmental activities of the City. Governmental activities include streets, sanitation, fire and police protection, library, parks and recreation, cultural, health and welfare, and assistance with industrial development. The common characteristic of governmental activities is that they are normally supported by taxes and intergovernmental revenue, rather than charges for services. The emphasis of governmental fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds, if any, are aggregated and reported as nonmajor governmental funds.

Major Fund Criteria: A fund is considered major if it is the primary fund of the City or it meets the following criteria:

If the total assets, liabilities, revenues or expenditures/expenses of an individual governmental or enterprise fund are at least 10 percent of the corresponding element (assets, liabilities, etc.) for all funds of the category or type (total governmental or enterprise funds), *and*

If the total assets, liabilities, revenues or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding element for all governmental or enterprise funds combined.

Additionally, any other governmental or enterprise fund that management believes is particularly significant to the basic financial statements may be reported as a major fund.

The City reports the following major governmental funds:

General Fund – This fund is the City's primary operating fund. It accounts for all financial resources, except those that are required to be accounted for in other funds.

Four and Five Cent Gas Tax Fund – This fund accounts for the expenditures from funds received from the State of Alabama to be used only for the resurfacing,

CITY OF LIVINGSTON
LIVINGSTON, ALABAMA
NOTES TO FINANCIAL STATEMENTS – CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2025

restoration, and rehabilitation of roads, bridges, and streets; for bridge replacement; and for the construction of new roads within the City.

ARPA Sewer Fund – This fund accounts for grant funds and the related expenditures for the City's Sanitary Sewer Improvements.

The City aggregates the following governmental funds in the Nonmajor Governmental Funds column in the fund financial statements:

Special Revenue Funds - Special Revenue Funds account for the proceeds of specific revenue sources (other than those derived from expendable trust or dedicated for major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative action. Special revenue funds consist of the following: Seven Cent Gas Tax Fund, Fire Department Fund, Municipal Court Fund, Court Officials Fund, Corrections Fund, and Judicial Administration Fund.

Capital Projects Funds - Capital Projects Funds account for financial resources to be used for the acquisition or construction of major capital facilities. Capital project funds consist of the Alabama Trust Fund, CDBG Sewer Rehabilitation Grant Fund, the USDA Police Cars Grant Fund, and the Rail Spur Fund.

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore cannot be used to support the City's programs. The City reports the following fiduciary funds:

Fiduciary funds generally account for assets held by the City in a purely custodial capacity. Fiduciary funds consist of the Cash Bonds Fund, which accounts for cash bonds posted on behalf of individuals involved in judicial matters before City court.

Basis of Accounting, Measurement Focus

Government-wide Financial Statements: The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred regardless of the timing of related cash flows. Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are billed. Grant and similar items are recognized as revenue in the fiscal year in which all eligibility requirements imposed by the provider have been met. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Governmental Fund Financial Statements: Governmental fund financial statements are reported using a current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues reported in the governmental funds (excluding state and federal reimbursements) to be available if the revenues are collected within sixty (60) days after year-end. Revenues from state and federal funds are considered available if transactions eligible for reimbursement have taken place.

CITY OF LIVINGSTON
LIVINGSTON, ALABAMA
NOTES TO FINANCIAL STATEMENTS – CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2025

Expenditures generally are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year. General capital asset acquisitions are reported as expenditures in governmental funds. Allocations of cost, such as depreciation and amortization are not recognized in governmental funds. Proceeds of general long-term debt and acquisition under capital leases are reported as other financing sources.

(3) Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with an original maturity date of three months or less.

Receivables

Receivables are reported as *Receivables*, *Due from other funds*, and *Due from other governments* in the government-wide financial statements and as *Receivables*, *Due from other funds*, and *Due from other governments* in the fund financial statements. Receivables due from other governments include amounts due from grantors for grants issued for specific programs and local taxes. No allowances are made for uncollectible amounts because the amounts are considered immaterial.

Property Tax Calendar

The Sumter County Commission levies property taxes for all jurisdictions including the school boards and municipalities within the county. Property taxes are assessed for property as of October 1 of the preceding year based on the millage rates established by the County Commission. Property taxes are due and payable the following October 1 and are delinquent after December 31.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical costs in the statement of net position. Donated assets are recorded at their acquisition value at the date of donation. The cost of maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Capital assets are recorded as expenditures at the acquisition date in the fund financial statements. The City does not report infrastructure acquired prior to October 1, 2003.

CITY OF LIVINGSTON
LIVINGSTON, ALABAMA
NOTES TO FINANCIAL STATEMENTS – CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2025

Depreciation of capital assets is recorded in the statement of activities on a straight-line basis over the estimated useful life of the asset. Capitalization thresholds (the dollar values above which asset acquisitions are added to the capital asset accounts) and the estimated useful lives of capital assets reported in the government-wide statements are as follows:

<u>Asset Class</u>	<u>Capitalization Threshold</u>	<u>Estimated Useful Life</u>
Infrastructure	\$ 50,000	30 years
Buildings	10,000	40 years
Building and land Improvements	10,000	20 years
Office, non-office, and computer equipment	5,000	3 - 10 years
Vehicles	5,000	3 - 10 years

(The capitalization threshold for land is \$1 or more. However, these capital assets are not depreciated.)

Deferred Outflows of Resources and Deferred Inflows of Resources

Deferred outflows of resources and deferred inflows of resources are reported in the statement of net position. Deferred outflows of resources are defined as a consumption of net position by the government that is applicable to a future period. Deferred outflows of resources increase net position, similar to assets. Deferred inflows of resources are defined as resources that will be earned by the government in a future period. Deferred inflows of resources decrease net position, similar to liabilities.

Long-term Obligations

In the government-wide financial statements, the unmatured principal of long-term debt and capital leases, compensated absences, and post-employment benefits are reported in the statement of net position. Interest expense for long-term debt, including accrued interest payable, is reported in the statement of activities.

In the fund financial statements, the face amount of debt issued during the year is reported as an other financing source. Debt issuance costs are not deducted from the amount reported as an other financing source but are reported as debt service expenditures. Any discount resulting from a disparity between the market rate and the stated rate of interest is reported as an other financing use. Expenditures for debt principal, interest and related costs are reported in the fiscal year payments are made. At the inception of a capital lease, an amount equal to the present value of the net minimum lease payments is reported as an other financing source and as an expenditure. The balance sheet does not reflect a liability for long-term debt.

CITY OF LIVINGSTON
LIVINGSTON, ALABAMA
NOTES TO FINANCIAL STATEMENTS – CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2025

Pensions

The Employees' Retirement System of Alabama (the Plan or ERS) financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Contributions are recognized as revenues when earned, pursuant to plan requirements. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Expenses are recognized when the corresponding liability is incurred, regardless of when the payment is made. Investments are reported at fair value. Financial statements are prepared in accordance with requirements of the Governmental Accounting Standards Board (GASB). Under these requirements, the Plan is considered a component unit of the State of Alabama and is included in the State's Comprehensive Annual Financial Report.

Compensated Absences

Employees in permanent positions earn annual leave with pay on the basis of the length of employment. Employees accumulate 40 hours of annual leave after 1 year of employment, 80 hours after 2 years of employment, 120 hours after 10 years of employment, and 160 hours after 15 years of employment. Employees can carry over 240 hours of accumulated annual leave at the end of any calendar year. Permanent, part-time employees earn leave on a pro-rata basis equal to the percentage of time worked. At separation from employment, employees are paid for accumulated annual leave. Employees earn sick leave at the rate of 1 day for each month of service. Employees may accumulate an unlimited number of sick leave days. Employees may use their accrued sick leave as membership service in determining the total years of creditable service in the Employees Retirement System of Alabama, with no additional cost to the City. The City records an accrual for unused leave when all of the following are true: the leave is attributable to services already rendered; the leave accumulates; and the leave is more likely than not to be used for time off or otherwise paid in cash or settled through non-cash means.

All annual leave is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee terminations and retirements.

Net Position/Fund Balance

Net position is reported on the government-wide financial statements and is required to be classified for accounting and reporting purposes into the following net position categories:

- Net Investment in Capital Assets – Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets. Any significant unspent proceeds at year-end related to capital assets are reported as restricted funds.
- Restricted – Constraints imposed on net position by external creditors, grantors, contributors, laws or regulations of other governments, or law through constitutional provision or enabling legislation.
- Unrestricted – Resources that are not subject to externally imposed stipulations. Unrestricted net position may be designated for specific purposes by action of the Council.

CITY OF LIVINGSTON
LIVINGSTON, ALABAMA
NOTES TO FINANCIAL STATEMENTS – CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2025

Fund Balances

Fund balances are reported in governmental fund financial statements based on classifications that clearly define the extent the City is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The following classifications describe the relative strength of the spending constraints:

- Nonspendable Fund Balance – Amounts that cannot be spent either because they are not in spendable form or because they are legally or contractually required to be maintained intact. Examples of nonspendable fund balance reserves for which fund balance shall not be available for financing general operating expenditures include inventories and prepaid items.
- Restricted Fund Balance – Amounts that are subject to externally legal restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments; or through constitutional provisions or enabling legislation.
- Committed Fund Balance – Amounts that are subject to a purpose constraint imposed by formal action or resolution of the Council and that require the same level of formal action to remove or modify the constraint.
- Assigned Fund Balance – Amounts that are designated by the Mayor for a specific purpose but are not spendable until a budget ordinance is passed by the City Council.
- Unassigned – All amounts not included in other spendable classifications.

When an expenditure is incurred for the purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, the City would typically use restricted fund balances first, followed by committed resources and then assigned resources, as appropriate, but reserves the right to selectively spend unassigned resources to defer the use of these other classified funds.

General Fund: The General Fund has nonspendable funds of \$91,607, restricted funds for highways and streets of \$31,031, consisting of unspent loan proceeds, and unassigned funds of \$1,206,251 at September 30, 2025.

Other Major Funds: The Four Cent Gas Tax Fund has restricted funds of \$99,856 at September 30, 2025, consisting of unspent gas tax revenues. There is no balance in the ARPA Sewer Fund as of September 30, 2025.

Nonmajor Governmental Funds: At September 30, 2025, the Seven Cent Gas Tax Fund has a balance of restricted funds of \$162,220, consisting of unspent gas tax revenues. The CDBG Sewer Rehabilitation Grant Fund has no restricted funds at September 30, 2025. The Municipal Court Fund, Court Officials Fund, Corrections Fund and Judicial Administration Fund have restricted funds of \$9,835, \$3,182, \$9,512, and \$19,623, respectively, consisting of unspent fines and forfeitures. The Alabama Trust Fund has no restricted funds at September 30, 2025. The Fire Department Fund has assigned funds of \$125,704 for fire department operations. The USDA Police Cars Grant Fund has unassigned funds of \$100 at September 30, 2025. The Railroad Spur Fund has \$460 restricted for capital improvements at September 30, 2025.

CITY OF LIVINGSTON
LIVINGSTON, ALABAMA
NOTES TO FINANCIAL STATEMENTS – CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2025

Reconciliation of the Financial Statements

The financial statements include summary reconciliations of the fund financial statements to the government-wide financial statements after each of the fund statements. GASB requires the following additional disclosures if aggregated information in the summary reconciliations obscures the nature of the individual elements of a particular reconciling item.

- Balance Sheet and the Statement of Net Position – The governmental fund balance sheet is followed by a reconciliation between total fund balance – governmental funds and total net position – governmental activities as reported in the government-wide statement of net position.
- Statement of Revenues, Expenditures and Changes in Fund Balances and the Statement of Activities – The governmental funds statement of revenues, expenditures and changes in fund balances is followed by a reconciliation between net changes in fund balances – total governmental funds and change in net position of governmental activities as reported in the government-wide statement of activities.

Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions, except quasi-external transactions and reimbursements, are reported as operating transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events

Management has evaluated subsequent events through September 16, 2026, which is the date the financial statements were available to be issued.

B. Deposits and Certificates of Deposit

The City maintains a cash and investment system in which substantially all cash is invested in either interest bearing checking accounts or certificates of deposit.

As of September 30, 2025, the carrying amount of the City's bank deposits was \$1,531,422 and the bank balance was \$1,597,625. The custodial credit risk for deposits is the risk that, in the event of a bank failure, the City will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The City's deposits at year-end were entirely covered by federal depository insurance or by the Security for

CITY OF LIVINGSTON
LIVINGSTON, ALABAMA
NOTES TO FINANCIAL STATEMENTS – CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2025

Alabama Funds Enhancement Program (SAFE Program). The SAFE Program was established by the Alabama Legislature and is governed by the provisions contained in the Code of Alabama 1975, Sections 41-14A-1 through 41-14A-14. Under the SAFE program all public deposits are protected through a collateral pool administered by the Alabama State Treasurer's office. Public deposits include the funds of any covered public entity or covered public official placed on deposit in a qualified depository, including time and demand deposit accounts and certificates of deposit but excluding bonds, notes, money market mutual funds, repurchase agreements and similar investment instruments. Covered public entities include the state and its political subdivisions, including municipalities. In the past, the bank pledged collateral directly to each public entity. Under SAFE, which is mandatory, each qualified public depository (QPD) is required to hold collateral for all of its public deposits on a pooled basis in a custody account (SAFE Custody Account) established for the State Treasurer as SAFE administrator. In the unlikely event a public entity should suffer a deposit loss due to QPD insolvency or default, a claim form would be filed with the State Treasurer, who would use the SAFE pool collateral or other means to reimburse the loss. The SAFE program is classified as a category 1 credit risk. Certificates of deposit are considered public deposits in determining insurance and collateralization. All deposits of the City as of September 30, 2025, are held in a certified qualified public depository.

C. Stewardship, Compliance and Accountability

Budgets

The City adopts a legal budget for the general fund. A review of the budgetary comparison presented herein will disclose how accurately the City was able to forecast its revenues and expenditures.

Excess of Expenditures over Appropriations

For the fiscal year ended September 30, 2025, actual expenditures exceeded appropriations for the General Fund and the Rail Spur Fund. Available fund balances from prior years and transfers from other funds are provided to fund this excess of expenditures over revenues for these funds.

CITY OF LIVINGSTON
LIVINGSTON, ALABAMA
NOTES TO FINANCIAL STATEMENTS – CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2025

D. Certificates of Deposit

Certificates of deposit as of September 30, 2025, consisted of the following:

Primary Government

Certificates of deposit with Regions Bank,
Livingston, Alabama, automatically
renews weekly, with interest at .01%

\$ 1,479

\$ 1,479

Component Unit

Certificates of deposit with Investar Bank,
Livingston, Alabama, due January 2026,
with interest at 3.65%.

\$ 37,804

\$ 37,804

E. Due from Other Governments

Due from other governments at September 30, 2025, are as follows:

	General Fund	ARPA Sewer Fund	Four and Five Cent Gas Tax Fund	Seven Cent Gas Tax Fund	Total
Taxes receivable	\$ 214,046	\$	\$	\$	\$ 214,046
Intergovernmental revenue		50,440	7,378	4,266	62,084
	<u>\$ 214,046</u>	<u>\$ 50,440</u>	<u>\$ 7,378</u>	<u>\$ 4,266</u>	<u>\$ 276,130</u>

CITY OF LIVINGSTON
LIVINGSTON, ALABAMA
NOTES TO FINANCIAL STATEMENTS – CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2025

F. Interfund Receivables, Payables and Transfers

Interfund Receivables and Payables

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions occurred. The balances result from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system and payments are made.

Interfund receivables and payables as of September 30, 2025, are as follows:

	<u>Interfund</u>	
	<u>Receivables</u>	<u>Payables</u>
Major Funds:		
General Fund	\$ 87,978	\$ 19,507
Four and Five Cent Gas Tax Fund		87,978
Non-major Funds:		
Special Revenue Funds – Highways and Streets	13,000	
Special Revenue Funds – Fire Department Fund	6,507	
Special Revenue Funds – Municipal court	10,268	10,268
Total	<u>\$ 117,753</u>	<u>\$ 117,753</u>

Interfund Transfers

Interfund transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to move unrestricted revenue collected in the general fund to finance various programs accounted for in other funds in accordance with statutory or budgetary authorizations.

Interfund transfers for the fiscal year ended September 30, 2025, are as follows:

	<u>Interfund</u>	
	<u>Transfers In</u>	<u>Transfer Out</u>
Major Funds:		
General Fund	\$ 245,728	\$
Four and Five Cent Gas Tax Fund		201,782
Non-major Funds:		
Special Revenue Funds – Municipal court	5,676	15,528
Alabama Trust Fund		34,094
Total	<u>\$ 251,404</u>	<u>\$ 251,404</u>

CITY OF LIVINGSTON
LIVINGSTON, ALABAMA
NOTES TO FINANCIAL STATEMENTS – CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2025

G. Capital Assets

Capital asset activity for the year ended September 30, 2025, is as follows:

	Balance September 30, 2024	Additions	Deletions	Balance September 30, 2025
<u>Primary Government</u>				
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 367,066	\$	\$	\$ 367,066
Construction in process		635,950		635,950
	<u>367,066</u>	<u>635,950</u>		<u>1,003,016</u>
Other capital assets:				
Buildings	1,810,165	46,500		1,856,665
Improvements	2,755,970	10,500		2,766,470
Infrastructure	2,330,410	266,056		2,596,466
Equipment	2,188,161	286,397	137,639	2,336,919
Vehicles	2,762,833		268,963	2,493,870
	<u>11,847,539</u>	<u>609,453</u>	<u>406,602</u>	<u>12,050,390</u>
Less accumulated depreciation:				
Buildings	1,162,810	44,084		1,206,894
Improvements	1,552,304	63,293		1,615,597
Infrastructure	691,624	97,796		789,420
Equipment	1,995,327	129,229	137,639	1,986,917
Vehicles	2,316,221	151,039	268,963	2,198,297
	<u>7,718,286</u>	<u>485,441</u>	<u>406,602</u>	<u>7,797,125</u>
Total other capital assets, net	<u>4,129,253</u>	<u>124,012</u>		<u>4,253,265</u>
Total governmental activities, net	<u>\$ 4,496,319</u>	<u>\$ 759,962</u>	<u>\$</u>	<u>\$ 5,256,281</u>

Depreciation expense was charged to governmental functions as follows:

General government	\$ 21,170
Public safety	159,553
Public works	232,781
Cultural and recreation	71,937
	<u>\$ 485,441</u>

Construction in progress consists of the rail spur project, with an estimated cost to complete of \$12,250, and the waste water management project, with an estimated cost to complete of \$2,582,000 as of September 30, 2025.

	Balance September 30, 2024	Additions	Deletions	Balance September 30, 2025
<u>Component Unit</u>				
Capital assets not being depreciated:				
Land	\$ 243,617	\$	\$ 123,610	\$ 120,007
Total capital assets	<u>\$ 243,617</u>	<u>\$</u>	<u>\$ 126,310</u>	<u>\$ 120,007</u>

CITY OF LIVINGSTON
LIVINGSTON, ALABAMA
NOTES TO FINANCIAL STATEMENTS – CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2025

H. Payables

Payables at September 30, 2025, are as follows:

	<u>Total</u>
Accounts payable:	
General Fund	\$ 149,322
Municipal Court Fund	1,086
ARPA Sewer Grant Fund	<u>112,520</u>
	<u>262,928</u>
Accrued expenses:	
General Fund	<u>84,174</u>
	<u>84,174</u>
	<u>\$ 347,102</u>

I. Long-Term Liabilities

The City's long-term liabilities include notes and capital leases payable as well as long-term liabilities associated with employees' benefits. Long-term liabilities associated with employees' benefits include accrued obligations for future payment of unpaid annual leave and unpaid compensatory time as outlined in Note A(3), and accrued obligations for future payment of City provided retiree insurance as disclosed in Note K.

The following is a summary of long-term liabilities transactions of the City for the year ended September 30, 2025:

	<u>Balance September 30, 2024</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance September 30, 2025</u>	<u>Current Portion</u>
Notes payable	\$ 1,321,622	\$ 269,551	\$ 132,233	\$ 1,458,940	\$ 135,470
Compensated absences	300,809	44,625		345,434	86,359
Post-employment benefits other than pension	<u>1,158,401</u>		<u>72,186</u>	<u>1,086,215</u>	
	<u>\$ 2,780,832</u>	<u>\$ 314,176</u>	<u>\$ 204,419</u>	<u>\$ 2,890,589</u>	<u>\$ 221,829</u>

The annual requirements to amortize the City's notes payable as of September 30, 2025, are as follows:

<u>Year Ended September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2026	\$ 135,470	\$ 52,232	\$ 187,702
2027	143,972	47,789	191,761
2028	150,145	41,616	191,761
2029	226,208	32,113	258,321
2030	114,617	25,890	140,507
Thereafter	<u>688,528</u>	<u>74,072</u>	<u>762,600</u>
	<u>\$ 1,458,940</u>	<u>\$ 273,712</u>	<u>\$ 1,732,652</u>

CITY OF LIVINGSTON
LIVINGSTON, ALABAMA
NOTES TO FINANCIAL STATEMENTS – CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2025

Notes payable at September 30, 2025, consisted of the following:

	<u>Total</u>
Cadence Bank loan; due in monthly principal and interest payments of \$4,271, beginning January 20, 2025, with interest at 5.22%; secured by equipment costing \$269,551.	\$ 241,173
West Alabama Bank; due March 2033, with interest at 5.95%; unsecured.	290,057
West Alabama Bank; due in annual principal and interest payments of \$91,790, beginning April 6, 2023, with interest at 2.75%; secured by gas tax revenues.	<u>927,710</u>
	<u>\$ 1,458,940</u>

J. Defined Benefit Pension Plan

The City of Livingston, Alabama participates in the Employees' Retirement System of Alabama (the Plan or ERS), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for the various state agencies and departments.

Plan Description

The ERS, an agent multiple-employer public employee retirement plan, was established as of October 1, 1945, pursuant to the *Code of Alabama 1975, Title 36, Chapter 27* (Act 515 of the Legislature of 1945). The purpose of the ERS is to provide retirement allowances and other specified benefits for state employees, State Police, and on an elective basis, to all cities, counties, towns and quasi-public organizations. The responsibility for the general administration and operation of ERS is vested in its Board of Control which consists of 15 trustees. The Plan is administered by the Retirement System of Alabama (RSA). The *Code of Alabama 1975, Title 36, Chapter 27* grants the authority to establish and amend the benefit terms to the ERS Board of Control. The Plan issues a publicly available financial report that can be obtained at www.rsa-al.gov.

CITY OF LIVINGSTON
LIVINGSTON, ALABAMA
NOTES TO FINANCIAL STATEMENTS – CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2025

The ERS Board of Control consists of 15 trustees as follows:

1. The Governor, ex officio
2. The State Treasurer, ex officio
3. The State Personnel Director, ex officio
4. The State Director of Finance, ex officio
5. Three vested members of ERS appointed by the Governor for a term of four years, no two of whom are from the same department of state government nor from any department of which an ex officio trustee is the head.
6. Eight members of ERS who are elected by members from the same category of ERS for a term of four years as follows:
 - (a) Two retired members with one from the ranks of retired state employees and one from the ranks of retired employees of a city, county or a public agency each of whom is an active beneficiary of ERS.
 - (b) Two vested active state employees.
 - (c) One vested active employee of a participating municipality or city in ERS pursuant to the *Code of Alabama 1975, Section 36-27-6*.
 - (d) One vested active employee of a participating county in ERS pursuant to the *Code of Alabama 1975, Section 36-27-6*.
 - (e) One vested active employee or retiree of a participating employer in ERS pursuant to the *Code of Alabama 1975, Section 36-27-6*.
 - (f) One vested active employee of a participating employer other than a municipality, city or county in ERS pursuant to the *Code of Alabama 1975, Section 36-27-6*.

Benefits Provided

State law establishes retirement benefits as well as death and disability benefits and any ad hoc increase in postretirement benefits for the ERS. Benefits for ERS members vest after 10 years of creditable service. State employees who retire after age 60 (52 for State Police) with 10 years or more of creditable service or with 25 years of creditable service (regardless of age) are entitled to an annual retirement benefit, payable monthly for life. Local employees who retire after age 60 with 10 years or more of creditable service or with 25 or 30 years of service (regardless of age), depending on the particular entity's election, are entitled to an annual retirement benefit, payable monthly for life. Service and disability retirement benefits are based on a guaranteed minimum or a formula method, with the member receiving payment under the method that yields the highest monthly benefit. Under the formula method, members of the ERS (except State Police) are allowed 2.0125% of their average final compensation (highest 3 of the last 10 years) for each year of service. State Police are allowed 2.875% for each year of state police service in computing the formula method.

Act 377 of the Legislature of 2012 established a new tier of benefits (Tier 2) for members hired on or after January 1, 2013. Tier 2 ERS members are eligible for retirement after age 62 (56 for State Police) with 10 years or more of creditable service and are entitled to an annual retirement benefit, payable monthly for life. Service and disability retirement benefits are based on a formula method. Under the formula method, Tier 2 members of the ERS (except State Police) are allowed 1.65% of their average final compensation (highest 5 of the last 10 years) for each year of service up to 80% of their average final compensation. State Police are allowed 2.375% for each year of State Police service in computing the formula method.

Act 351 of the Legislature of 2022 provides that any Tier 2 member who withdraw from service after the completion of at least 30 years of service is entitled to an annual retirement benefit.

Members are eligible for disability retirement if they have 10 years of creditable service, are currently in-service and determined by the RSA Medical Board to be permanently incapacitated from further performance of duty. Preretirement death benefits equal to the

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LIVINGSTON, ALABAMA
NOTES TO FINANCIAL STATEMENTS – CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2025

annual earnable compensation of the member as reported to the Plan for the preceding year ending September 30 are paid to the beneficiary.

Act 132 of the Legislature of 2019 allowed employers who participate in the ERS pursuant to *Code of Alabama 1975, Section 36-27-6* to provide Tier 1 retirement benefits to their Tier 2 members. Tier 2 members of employers adopting Act 2019-132 will contribute 7.5% of earnable compensation for regular employees and 8.5% for firefighters and law enforcement officers. A total of 628 employers adopted Act 2019-132 as of September 30, 2024.

Act 2019-132 was amended by Act 348 of the Legislature of 2022. Act 2022-348 amended Act 2019-132 by removing the date limitation for any local participating employer to submit its resolution electing to provide its Tier 2 members with the same retirement benefits provided to its Tier 1 members. Act 2022-348 also amended Act 2019-132 by removing the date limitation for a local participating employer to petition the ERS Board of Control for a reconsideration if the ERS Board of Control denied its election to provide its Tier 2 members with the same retirement benefits provided to its Tier 1 members.

Act 316 of the Legislature of 2019 allows employees at the time of retirement to receive a partial lump sum (PLOP) distribution as a single payment not to exceed the sum of 24 months of the maximum monthly retirement allowance the member could receive. This option may be selected in addition to the election of another retirement allowance option at a reduced amount based upon the amount of partial lump sum distribution selected.

The ERS serves approximately 890 local participating employers. The ERS membership includes approximately 117,309 participants. As of September 30, 2024, membership consisted of:

Retirees and beneficiaries currently receiving benefits	32,477
Terminated employees entitled to but not yet receiving benefits	2,425
Terminated employees not entitled to a benefit	22,097
Active members	60,279
Post-DROP participants who are still in active service	31
Total	<u>117,309</u>

Contributions

Covered members of the ERS contributed 5% of earnable compensation to the ERS as required by statute until September 30, 2011. From October 1, 2011, to September 30, 2012, covered members of the ERS were required by statute to contribute 7.25% of earnable compensation. Effective October 1, 2012, covered members of the ERS are required by statute to contribute 7.50% of earnable compensation. Certified law enforcement, correctional officers, and firefighters of the ERS contributed 6% of earnable compensation as required by statute until September 30, 2011. From October 1, 2011, to September 30, 2012, certified law enforcement, correctional officers, and firefighters of the ERS were required by statute to contribute 8.25% of earnable compensation. Effective October 1, 2012, certified law enforcement, correctional officers, and firefighters of the ERS are required by statute to contribute 8.50% of earnable compensation. State Police of the ERS contribute 10% of earnable compensation.

Employers participating in the ERS pursuant to *Code of Alabama 1975, Section 36-27-6* were not required by statute to increase covered member contribution rates but were provided the opportunity to do so through Act 2011-676. By adopting Act 2011-676, Tier 1 regular members' contribution rates increased from 5% to 7.5% of earnable compensation and Tier 1 certified law enforcement, correctional officers', and firefighters' member contribution rates increased from 6% to 8.5% of earnable compensation.

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Tier 2 covered members of the ERS contribute 6% of earnable compensation to the ERS as required by statute. Tier 2 certified law enforcement, correctional officers and firefighters of the ERS are required by statute to contribute 7% of earnable compensation. Tier 2 State Police members of the ERS contribute 10% of earnable compensation. These contribution rates are the same for Tier 2 covered members of ERS local participating employers.

The ERS establishes rates based upon an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with additional amounts to finance any unfunded accrued liability, the pre-retirement death benefit and administrative expenses of the Plan. For the year ended September 30, 2025, the City's active employee contribution rate was 5.72% of covered employee payroll and the City's average contribution rate to fund the normal and accrued liability costs was 7.49% of pensionable payroll.

The City's contractually required contribution rate for the year ended September 30, 2025, was 9.10% of pensionable pay for Tier 1 employees and 5.94% of pensionable pay for Tier 2 employees. These required contribution rates are based upon the actuarial valuation dated September 30, 2022, a percent of annual pensionable payroll, actuarially determined as an amount that, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, with an additional amount to finance any unfunded accrued liability. Total employer contributions to the pension plan from the City were \$103,587 for the year ended September 30, 2025.

Net Pension Liability

The City's net pension liability was measured as of September 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2022, rolled forward to September 30, 2024, using standard roll-forward techniques as shown in the following table:

	<u>Expected</u>	<u>Actual Before Plan Changes</u>	<u>Actual After Plan Changes</u>
Total pension liability			
as of September 30, 2023 (a)	\$ 7,857,472	\$ 7,962,082	\$ 7,962,082
Discount rate (b)	7.45%	7.45%	7.45%
Entry age normal cost for			
October 1, 2023-September 30, 2024 (c)	98,230	98,230	98,230
Transfers among employers (d)		(27,586)	(27,586)
Actual benefit payments and refunds for			
October 1, 2023-September 30, 2024 (e)	(486,668)	(486,668)	(486,668)
Total pension liability			
as of September 30, 2024			
[(a) x (1 + (b))] + (c) + (d) + [(e) x (1 + 0.5*(b))]	<u>\$ 8,036,288</u>	<u>\$ 8,121,104</u>	<u>\$ 8,121,104</u>
Difference between Expected and Actual (g)		\$ 84,816	
Less liability transferred for immediate			
Recognition (h)		<u>27,586</u>	
Experience (Gain)/Loss (g)-(h)		<u>\$ 112,402</u>	
Difference between Actual before and after Plan			
Changes – Benefit Change (Gain)/Loss(j)			<u>\$</u>

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LIVINGSTON, ALABAMA
NOTES TO FINANCIAL STATEMENTS – CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2025

Actuarial Assumptions

The total pension liability as of September 30, 2024, was determined based on the annual actuarial funding valuation report prepared as of September 30, 2023. The key actuarial assumptions are summarized below:

Inflation	2.50%
Salary increases	3.25% - 6.00% for State and Local Employees and 4.00% - 7.75% for State Police, including inflation
Investment rate of return*	7.45%, including inflation

*Net of pension plan investment expense

Mortality rates were based on the Pub-2010 Below-Median Tables, projected generationally using the MP-2020 scale, which is adjusted by 66-2/3% beginning with the year 2019:

<u>Group</u>	<u>Membership Table</u>	<u>Set Forward (+)</u> <u>Setback (-)</u>	<u>Adjustment to Rates</u>
Non-FLC Service Retirees	General Healthy Below Median	Male: +2, Female: +2	Male: 90% ages < 65, 96% ages >= 65 Female: 96% all ages
FLC/State Police Service Retirees	Public Safety Healthy Below Median	Male: +1, Female: none	None
Beneficiaries	Contingent Survivor Below Median	Male: +2, Female: +2	None
Non-FLC Disabled Retirees	General Disability	Male: +7, Female: +3	None
FLC/State Police Disabled Retirees	Public Safety Disability	Male: +7, Female: none	None

The actuarial assumptions used in the actuarial valuation as of September 30, 2023, were based on the results of an actuarial experience study for the period October 1, 2015 – September 30, 2020.

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NOTES TO FINANCIAL STATEMENTS – CONTINUED
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The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis 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. The target asset allocation and best estimates of geometric real rates of return for each major asset class are as follows:

	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return*</u>
Fixed income	15.00%	2.80%
U.S. large stocks	32.00%	8.00%
U.S. mid stocks	9.00%	10.00%
U.S. small stocks	4.00%	11.00%
International developed market stocks	12.00%	9.50%
International emerging market stocks	3.00%	11.00%
Alternatives	10.00%	9.00%
Real estate	10.00%	6.50%
Cash equivalents	5.00%	1.50%
Total	<u>100.00%</u>	

* Includes assumed rate of inflation of 2.00%

Discount Rate

The discount rate used to measure the total pension liability was the long-term rate of return, 7.45%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current rate and that the employer contributions will be made in accordance with the funding policy adopted by the ERS Board of Control. Based on those assumptions, components of the pension plan's fiduciary net position were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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FOR THE YEAR ENDED SEPTEMBER 30, 2025

Changes in Net Pension Liability

	Increases (Decrease)		
	Total Pension Liability	Less Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Balances at September 30, 2023	\$ 7,857,473	\$ 6,389,804	\$ 1,467,669
Changes for the year:			
Service cost	98,229		98,229
Interest	567,254		567,254
Changes of benefit terms			
Differences between expected and actual experience	112,403		112,403
Contributions-employer		53,133	(53,133)
Contributions-employee		69,391	(69,391)
Net investment income		1,308,017	(1,308,017)
Benefit payments, including refunds of employee contributions	(486,668)	(486,668)	
Transfers among employers	(27,586)	(27,586)	
Net changes	263,632	916,287	(652,655)
Balances at September 30, 2024	\$ 8,121,105	\$ 7,306,091	\$ 815,014

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following table presents the City's net pension liability calculated using the discount rate of 7.45%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.45%) or 1-percentage point higher (8.45%) than the current rate:

	1% Decrease (6.45%)	Current Rate (7.45%)	1% Increase (8.45%)
City's proportionate share of collective net pension liability	\$ 1,607,333	\$ 815,014	\$ 137,940

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued RSA Annual Comprehensive Financial Report for the fiscal year ended September 30, 2024. The supporting actuarial information is included in the GASB Statement No. 68 Report for the ERS prepared as of September 30, 2024. The auditor's report on the Schedule of Changes in Fiduciary Net Position by Employer and accompanying notes is also available. The additional financial and actuarial information is available at <http://www.rsa-al.gov/index.php/employers/financial-reports/gasb-68-reports/>.

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NOTES TO FINANCIAL STATEMENTS – CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2025

Pension Expenses, Deferred Outflows of Resources, and Deferred Inflows of Resources
Related to Pensions

For the year ended September 30, 2025, the City recognized pension expense of \$109,458. At September 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 235,933	\$ 149,426
Changes of assumptions	62,430	
Net differences between projected and actual earnings on pension plan investments		473,808
Changes in proportion and difference between employer contributions and proportional share of contributions		
Employer contributions subsequent to measurement date	103,587	
Total	<u>\$ 401,950</u>	<u>\$ 623,234</u>

Employer contributions of \$103,587 made subsequent to the measurement date and reported as deferred outflows of resources will be recognized as a reduction of the net pension liability in the year ended September 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended September 30,	Amount
2026	\$ (73,143)
2027	108,546
2028	(201,182)
2029	(159,092)
2030	

K. Post-Employment Health Care and Life Insurance Benefits

Plan Description – The City of Livingston (the City) provides certain continuing health care and life insurance benefits for its retired employees. The City of Livingston's OPEB Plan (the OPEB Plan) is a single-employer defined benefit OPEB plan administered by the City. The authority to establish and/or amend the obligation of the employer, employees and retirees rests with the City. No assets are accumulated in a trust that meets the criteria in Governmental Accounting Standards Board (GASB).

Benefits Provided – Benefits are provided through comprehensive plans and are made available to employees upon actual retirement. To qualify for retiree medical benefits, retirees must be eligible to retire under the provisions of the Retirement System of Alabama (RSA). The earliest retirement eligibility provisions are as follows: 25 years of service at any age; or, age 60 and 10 years of service (called "Tier 1" members). Employees hired on and after January 1, 2013 (called "Tier 2" members) are eligible to retire only after attainment of age 62 or later and completion of 10 years of service. There are not any retiree medical benefits provided after eligibility for Medicare (age 65 in most cases).

Life insurance is not considered in this valuation.

CITY OF LIVINGSTON
LIVINGSTON, ALABAMA
NOTES TO FINANCIAL STATEMENTS – CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2025

Employees covered by benefit terms – At September 30, 2025, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	4
Inactive employees entitled to but not yet receiving benefit payments	
Active employees	<u>34</u>
	<u>38</u>

Total OPEB Liability

The City's total OPEB liability of \$1,086,215 was measured as of September 30, 2025, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the September 30, 2025, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.00%
Salary increases	3.0%, including inflation
Discount rate	3.81% annually (Beginning of year to determine ADC)
	4.90%, annually (As of end of year measurement date)
Healthcare cost trend rates	Getzen model, initial trend of 5.50%
Mortality	Pub-2010/2021

The discount rate was based on the Bond Buyers' 20 Year General Obligation municipal bond index as of September 30, 2025, the end of the applicable measurement period.

The actuarial assumptions used in the September 30, 2025, valuation were based on the results of ongoing evaluations of the assumptions from October 1, 2009, to September 30, 2024.

Changes in Total OPEB Liability

Balances at September 30, 2024	<u>\$ 1,158,401</u>
Changes for the year:	
Service cost	16,827
Interest	44,456
Differences between expected and actual experience	(11,675)
Changes of assumptions	(77,934)
Benefit payments and net transfers	<u>(43,860)</u>
Net changes	<u>(72,186)</u>
Balances at September 30, 2025	<u>\$ 1,086,215</u>

CITY OF LIVINGSTON
LIVINGSTON, ALABAMA
NOTES TO FINANCIAL STATEMENTS – CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2025

Sensitivity of the total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (3.90%) or 1-percentage point higher (5.90%) than the current discount rate:

	<u>1% Decrease (3.90%)</u>	<u>Current Rate (4.90%)</u>	<u>1% Increase (5.90%)</u>
Total OPEB Liability	<u>\$ 1,158,070</u>	<u>\$ 1,086,215</u>	<u>\$ 1,022,255</u>

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage point lower (4.50%) or 1-percentage point higher (6.50%) than the current rate:

	<u>1% Decrease (4.50%)</u>	<u>Current Rate (5.50%)</u>	<u>1% Increase (6.50%)</u>
Total OPEB Liability	<u>\$ 1,024,067</u>	<u>\$ 1,086,215</u>	<u>\$ 1,155,292</u>

OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB

For the year ended September 30, 2025, the City recognized OPEB expense of \$(72,323). At September 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 12,045	\$ 78,741
Changes of assumptions	<u>21,618</u>	<u>112,796</u>
Total	<u>\$ 33,663</u>	<u>\$ 191,537</u>

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

<u>Year Ended September 30,</u>	<u>Amount</u>
2026	(100,430)
2027	(35,042)
2028	(22,402)

CITY OF LIVINGSTON
LIVINGSTON, ALABAMA
NOTES TO FINANCIAL STATEMENTS – CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2025

L. 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. In order to protect itself from exposure to losses under the risks described above, the City carries traditional commercial insurance coverage, including workers' compensation and employee health insurance, rather than finance risks through self-insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

M. Contingent Liabilities

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City's attorney, the resolution of these matters will not have a material adverse effect on the financial condition of the City. In addition, most if not all of the various lawsuits are covered by the City's insurance coverage.

CITY OF LIVINGSTON
LIVINGSTON, ALABAMA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Budgeted Amounts		Actual	Budget To	Actual
	Original	Final	Amounts	GAAP	Amounts
			Budget	Adjustments	GAAP Basis
Revenues:					
Taxes	\$2,507,000	\$2,507,000	\$2,577,310	\$	\$2,577,310
Licenses and permits	453,000	453,000	514,731		514,731
Rents and services	843,500	843,500	834,291		834,291
Fines and costs			150		150
Intergovernmental revenue	157,675	157,675	154,068		154,068
Miscellaneous	35,000	35,000	30,332		30,332
Interest	200	200	26,274		26,274
Total Revenues	<u>3,996,375</u>	<u>3,996,375</u>	<u>4,137,156</u>		<u>4,137,156</u>
Expenditures:					
Current:					
General government	527,476	527,476	652,312		652,312
Public safety	1,393,094	1,393,094	1,364,508		1,364,508
Public works	1,331,571	1,331,571	1,315,607		1,315,607
Cultural and recreation	416,772	416,772	412,215		412,215
Municipal court	109,328	109,328	90,257		90,257
Capital outlay	470,900	470,900	603,853		603,853
Debt service:					
Principal	57,232	57,232	132,233		132,233
Interest and fees	24,528	24,528	57,318		57,318
Total Expenditures	<u>4,330,901</u>	<u>4,330,901</u>	<u>4,628,303</u>		<u>4,628,303</u>
Total Revenues Over Expenditures Before Other					
Financing Sources (Uses)	<u>(334,526)</u>	<u>(334,526)</u>	<u>(491,147)</u>		<u>(491,147)</u>
Other Financing Sources (Uses):					
Operating transfers in	359,000	359,000	211,634		211,634
Loan proceeds			269,551		269,551
Total Other Financing Sources (Uses)	<u>359,000</u>	<u>359,000</u>	<u>481,185</u>		<u>481,185</u>
Net Change in Fund Balance	24,474	24,474	(9,962)		(9,962)
Fund Balances, Beginning of Year	<u>1,338,851</u>	<u>1,338,851</u>	<u>1,338,851</u>		<u>1,338,851</u>
Fund Balances, End of Year	<u>\$1,363,325</u>	<u>\$1,363,325</u>	<u>\$1,328,889</u>	<u>\$</u>	<u>\$1,328,889</u>

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

CITY OF LIVINGSTON
LIVINGSTON, ALABAMA
NOTES TO STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2025

Explanation of differences between budgetary inflows and outflows and GAAP revenues and expenditures

Sources/Inflows of Resources

Actual amounts (budgetary basis) available for appropriation shown as total revenues on budgetary comparison schedule	\$ 4,137,156
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Differences - budget to GAAP

Total revenues as reported on statement of revenues, expenditures and changes in fund balances - governmental funds	<u>\$ 4,137,156</u>
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Uses/Outflows of Resources

Actual amounts (budgetary basis) available for expenditures shown as total expenditures on budgetary comparison schedule	\$ 4,628,303
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Differences - budget to GAAP

Total expenditures as reported on statement of revenues, expenditures and changes in fund balances - governmental funds	<u>\$ 4,628,303</u>
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The accompanying notes are an integral part of the financial statements.

THE CITY OF LIVINGSTON
LIVINGSTON, ALABAMA
SCHEDULE OF CHANGES IN NET PENSION LIABILITY
FOR THE TEN FISCAL YEARS ENDED SEPTEMBER 30.

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability										
Service cost	\$ 98,229	\$ 91,208	\$ 102,173	\$ 110,703	\$ 100,543	\$ 91,407	\$ 92,939	\$ 98,076	\$ 96,602	\$ 95,476
Interest	567,254	537,600	545,570	544,100	508,850	522,701	523,331	507,061	480,601	458,057
Change of benefit terms			15,243							
Difference between expected and actual experience	112,403	291,053	(299,405)	(130,020)	299,484	(427,924)	(267,527)	(68,141)	201,435	65,237
Expensed portion of current period difference between expected and actual experience					(19,471)					
Changes of assumptions				218,502			32,850		121,271	
Benefit payments, including refunds of employee contributions	(486,668)	(519,695)	(430,085)	(490,136)	(373,092)	(359,036)	(332,822)	(358,676)	(352,911)	(321,026)
Transfers among employers	(27,586)	(18,647)	4,326	(26,323)				18,692	(8,907)	
Net change in total pension liability	263,632	381,519	(62,178)	226,826	516,314	(172,852)	48,771	197,012	538,091	297,744
Total pension liability - beginning of year	7,857,473	7,475,954	7,538,132	7,311,306	6,794,992	6,967,844	6,919,073	6,722,061	6,183,970	5,886,226
Total pension liability - end of year (a)	\$ 8,121,105	\$ 7,857,473	\$ 7,475,954	\$ 7,538,132	\$ 7,311,306	\$ 6,794,992	\$ 6,967,844	\$ 6,919,073	\$ 6,722,061	\$ 6,183,970
Plan Fiduciary Net Position										
Contributions - employer	\$ 53,133	\$ 75,654	\$ 76,583	\$ 75,220	\$ 112,623	\$ 118,050	\$ 115,280	\$ 98,246	\$ 101,399	\$ 92,968
Contributions - employees	69,391	67,741	69,689	77,150	78,621	72,424	66,425	57,827	61,722	58,828
Net investment income	1,308,017	756,922	(904,434)	1,343,551	342,321	154,608	523,562	661,150	494,945	58,743
Expensed portion of current period difference between expected and actual experience					(19,471)					
Benefit payments, including refunds of employee contributions	(486,668)	(519,695)	(430,085)	(490,136)	(373,092)	(359,036)	(332,822)	(358,676)	(352,911)	(321,026)
Transfers among employers	(27,586)	(18,647)	4,326	(26,323)				18,692	(8,907)	67,416
Net change in plan fiduciary net position	916,287	361,975	(1,183,921)	979,462	141,002	(13,954)	372,445	477,239	296,248	(43,071)
Plan net position - beginning of year	6,389,804	6,027,829	7,211,750	6,232,288	6,091,286	6,105,240	5,732,795	5,255,556	4,959,308	5,002,379
Plan net position - end of year (b)	\$ 7,306,091	\$ 6,389,804	\$ 6,027,829	\$ 7,211,750	\$ 6,232,288	\$ 6,091,286	\$ 6,105,240	\$ 5,732,795	\$ 5,255,556	\$ 4,959,308
Net pension liability (asset) - end of year (a) - (b)	\$ 815,014	\$ 1,467,669	\$ 1,448,125	\$ 326,382	\$ 1,079,018	\$ 703,706	\$ 862,604	\$ 1,186,278	\$ 1,466,505	\$ 1,224,662
Plan fiduciary net position as a percentage of the total pension liability	89.96%	81.32%	80.63%	95.67%	85.24%	89.64%	87.62%	82.85%	78.18%	80.20%
Covered employee payroll	\$ 1,682,875	\$ 1,107,443	\$ 1,186,816	\$ 1,390,032	\$ 1,439,802	\$ 1,276,824	\$ 1,231,039	\$ 1,125,354	\$ 1,168,417	\$ 971,815
Net pension liability (asset) as a percentage of covered employee payroll	48.43%	132.53%	122.02%	23.48%	74.94%	55.11%	70.07%	105.41%	125.51%	126.02%

THE CITY OF LIVINGSTON
LIVINGSTON, ALABAMA
SCHEDULE OF EMPLOYER CONTRIBUTIONS
LAST TEN FISCAL YEARS

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Actuarially determined contribution	\$ 103,587	\$ 56,137	\$ 79,034	\$ 72,583	\$ 80,288	\$ 119,292	\$ 117,634	\$ 108,070	\$ 100,070	\$ 103,877
Contributions in relation to the actuarially determined contribution	<u>103,587</u>	<u>56,137</u>	<u>79,034</u>	<u>72,583</u>	<u>80,288</u>	<u>119,292</u>	<u>117,634</u>	<u>108,070</u>	<u>100,070</u>	<u>103,877</u>
Contribution deficiency (excess)	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
Covered employee payroll	<u>\$ 1,382,726</u>	<u>\$ 1,682,875</u>	<u>\$ 1,107,443</u>	<u>\$ 1,186,816</u>	<u>\$ 1,390,032</u>	<u>\$ 1,439,802</u>	<u>\$ 1,276,824</u>	<u>\$ 1,231,039</u>	<u>\$ 1,125,354</u>	<u>\$ 1,168,417</u>
Contributions as a percentage of covered payroll	<u>7.49%</u>	<u>3.34%</u>	<u>7.14%</u>	<u>6.12%</u>	<u>5.78%</u>	<u>8.29%</u>	<u>9.21%</u>	<u>8.78%</u>	<u>8.89%</u>	<u>8.89%</u>

Notes to schedule

Actuarially determined contribution rates are calculated as of September 30, three years prior to the end of the fiscal year in which the contributions are reported. Contributions for fiscal year 2025 were based on the September 30, 2022, actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percent closed
Remaining amortization period	25.7 years
Asset valuation method	Five year smoothed market
Inflation	2.50%
Salary increases	3.25 - 6.00%, including inflation
Investment rate of return	7.45%, net of pension plan investment expense, including inflation

CITY OF LIVINGSTON
LIVINGSTON, ALABAMA
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS

	2025*	2024*	2023*	2022*	2021*	2020*	2019*	2018*
Total OPEB Liability								
Service cost	\$ 16,827	\$ 16,258	\$ 16,502	\$ 39,185	\$ 38,986	\$ 34,942	\$ 25,047	\$ 28,862
Interest	44,456	48,818	47,190	32,009	32,634	42,646	65,389	65,704
Change of benefit terms								
Difference between expected and actual experience	(11,675)	(57,247)	48,180	(57,371)	20,485	(143,292)	(85,475)	(172,826)
Changes of assumptions	(77,934)	6,688	(5,164)	(235,030)	6,450	19,071	146,191	(54,439)
Benefit payments, including refunds	(43,860)	(41,573)	(86,881)	(82,352)	(86,501)	(81,991)	(117,197)	(111,087)
Net change in total OPEB liability	(72,186)	(27,056)	19,827	(303,559)	12,054	(128,624)	33,955	(243,786)
Total OPEB liability - beginning of year	1,158,401	1,185,457	1,165,630	1,469,189	1,457,135	1,585,759	1,551,804	1,795,590
Total OPEB liability - end of year (a)	<u>\$ 1,086,215</u>	<u>\$ 1,158,401</u>	<u>\$ 1,185,457</u>	<u>\$ 1,165,630</u>	<u>\$ 1,469,189</u>	<u>\$ 1,457,135</u>	<u>\$ 1,585,759</u>	<u>\$ 1,551,804</u>
Covered employee payroll	<u>\$ 1,443,990</u>	<u>\$ 1,401,932</u>	<u>\$ 1,392,077</u>	<u>\$ 1,351,531</u>	<u>\$ 1,583,174</u>	<u>\$ 1,537,062</u>	<u>\$ 1,433,834</u>	<u>\$ 1,392,072</u>
Net OPEB liability (asset) as a percentage of covered employee payroll	<u>75.22%</u>	<u>82.63%</u>	<u>85.16%</u>	<u>86.25%</u>	<u>92.80%</u>	<u>94.80%</u>	<u>110.60%</u>	<u>111.47%</u>

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

Notes to Schedule:

Benefit Changes:

There were no changes of benefit terms for the year ended September 30, 2024.

Changes of Assumptions:

Discount Rate	4.90%	3.81%	4.09%	4.02%	2.15%	2.21%	2.66%	4.18%
Mortality	Pub-2010/2021	Pub-2010/2021	RP-2014	RP-2014	RP-2014	RP-2014	RP-2000	RP-2000
Trend	Getzen model	Getzen model	4.5% to 5.5%	4.5% to 5.5%	4.5% to 5.5%	4.5% to 5.5%	0% or 5.5%	0% or 5.5%



LeCroy Richardson

Certified Public Accountants

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

To the Mayor and City Council
City of Livingston
Livingston, Alabama 35470

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Livingston, Alabama, as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the City of Livingston, Alabama's basic financial statements, and have issued our report thereon dated September 16, 2026.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. 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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Livingston, Alabama's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in blue ink that reads "LeGoy Richardson, P.C.". The signature is written in a cursive, flowing style.

Northport, Alabama
September 16, 2026