

CITY OF LIVINGSTON

**INDEPENDENT AUDITOR'S REPORT
AND
FINANCIAL STATEMENTS**

JUNE 30, 2019

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and City Council
City of Livingston, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Livingston, California, (the City) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Livingston, California, as of June 30, 2019, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 46 – 48 and the Schedule of the City’s Proportionate Share of Net Pension Liability and the Schedule of Contributions pages 49 – 50 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the management’s discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

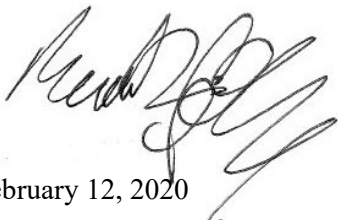
Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City’s basic financial statements. The combining nonmajor fund financial statements on pages 51 - 58 and the schedule of net revenue available for debt service on page 59 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining nonmajor fund financial statements and the schedule of net revenue available for debt are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 12, 2020, on our consideration of the City of Livingston’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Livingston’s internal control over financial reporting and compliance.



February 12, 2020

CITY OF LIVINGSTON

STATEMENT OF NET POSITION JUNE 30, 2019

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments	\$ 9,593,376	\$ 10,350,329	\$ 19,943,705
Accounts and interest receivable, net	362,922	870,775	1,233,697
Due from other governments	1,148,458	514,389	1,662,847
Notes and loans receivable	1,803,776	250,000	2,053,776
Prepaid expense	13,323	-	13,323
Capital assets, net of allowance for depreciation	<u>14,042,137</u>	<u>24,828,437</u>	<u>38,870,574</u>
Total assets	<u>26,963,992</u>	<u>36,813,930</u>	<u>63,777,922</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>1,720,857</u>	<u>332,896</u>	<u>2,053,753</u>
LIABILITIES			
Accounts payable	454,828	717,725	1,172,553
Accrued expenses	254,708	54,242	308,950
Accrued interest payable	-	35,312	35,312
Deposits	579,356	107,935	687,291
Long-term liabilities			
Due within one year	-	250,323	250,323
Due in more than one year	-	8,217,343	8,217,343
Net OPEB liability	1,924,805	604,505	2,529,310
Net pension liability	4,787,874	889,786	5,677,660
Compensated absences	<u>440,215</u>	<u>110,248</u>	<u>550,463</u>
Total liabilities	<u>8,441,786</u>	<u>10,987,419</u>	<u>19,429,205</u>
DEFERRED INFLOWS OF RESOURCES	<u>400,299</u>	<u>99,842</u>	<u>500,141</u>
NET POSITION			
Net investment in capital assets	14,042,137	16,360,771	30,402,908
Restricted for debt service	-	451,250	451,250
Restricted for capital improvements	4,387,188	7,308,716	11,695,904
Restricted for noncurrent receivables	1,817,099	-	1,817,099
Restricted for specific projects and programs	1,909,490	-	1,909,490
Unrestricted/(deficit)	<u>(2,313,150)</u>	<u>1,938,828</u>	<u>(374,322)</u>
Total net position	<u>\$ 19,842,764</u>	<u>\$ 26,059,565</u>	<u>\$ 45,902,329</u>

CITY OF LIVINGSTON

**STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2019**

Functions/Programs	Expense	Program Revenue			Net Revenue/(Expense) and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary Government							
Governmental activities							
General government	\$ 986,281	\$ -	\$ 285,387	\$ -	\$ (700,894)	\$ -	\$ (700,894)
Parks and community services	1,131,968	134,938	3,032	-	(993,998)	-	(993,998)
Public safety	3,617,165	82,248	539,737	-	(2,995,180)	-	(2,995,180)
Public works	2,360,427	-	1,231,749	-	(1,128,678)	-	(1,128,678)
Planning and community development	1,114,110	599,257	186,232	418,767	90,146	-	90,146
Total governmental activities	<u>9,209,951</u>	<u>816,443</u>	<u>2,246,137</u>	<u>418,767</u>	<u>(5,728,604)</u>	<u>-</u>	<u>(5,728,604)</u>
Business-type activities							
Water	3,975,365	3,828,215	-	1,297,551	-	1,150,401	1,150,401
Sanitation	1,284,292	1,438,906	-	1,965	-	156,579	156,579
Domestic Sewer	1,925,186	2,221,206	-	167,766	-	463,786	463,786
Industrial Sewer	3,115	2,286	-	-	-	(829)	(829)
Total business-type activities	<u>7,187,958</u>	<u>7,490,613</u>	<u>-</u>	<u>1,467,282</u>	<u>-</u>	<u>1,769,937</u>	<u>1,769,937</u>
Total primary government	<u>\$ 16,397,909</u>	<u>\$ 8,307,056</u>	<u>\$ 2,246,137</u>	<u>\$ 1,886,049</u>	<u>(5,728,604)</u>	<u>1,769,937</u>	<u>(3,958,667)</u>
General Revenue							
Property taxes, levied for general purposes					4,560,975	-	4,560,975
Business licenses & transient occupancy tax					286,165	-	286,165
Franchise tax					292,256	-	292,256
Sales tax					1,359,697	-	1,359,697
Investment income					193,675	204,022	397,697
Other revenues					234,354	75,220	309,574
Transfers					148,566	(148,566)	-
Total general revenue					<u>7,075,688</u>	<u>130,676</u>	<u>7,206,364</u>
Change in Net Position					1,347,084	1,900,613	3,247,697
Net Position							
Beginning of year					<u>18,495,680</u>	<u>24,158,952</u>	<u>42,654,632</u>
End of year					<u>\$ 19,842,764</u>	<u>\$ 26,059,565</u>	<u>\$ 45,902,329</u>

See accompanying notes.

CITY OF LIVINGSTON

BALANCE SHEET – GOVERNMENTAL FUNDS JUNE 30, 2019

	General	Maintenance Districts	Program Income	Non-Major Governmental Funds	Total Governmental Funds
ASSETS					
Cash and investments	\$ 3,465,351	\$ 1,893,655	\$ 97,041	\$ 4,137,329	\$ 9,593,376
Accounts and interest receivable	195,401	6,904	140	160,477	362,922
Due from other governments	549,043	187,894	-	411,521	1,148,458
Notes and loans receivable	7,166	500,000	1,296,610	-	1,803,776
Prepaid expense	13,323	-	-	-	13,323
Total assets	<u>\$ 4,230,284</u>	<u>\$ 2,588,453</u>	<u>\$ 1,393,791</u>	<u>\$ 4,709,327</u>	<u>\$ 12,921,855</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE					
Liabilities					
Accounts payable	\$ 354,098	\$ 26,519	\$ 942	\$ 73,269	\$ 454,828
Accrued expenses	224,882	12,524	-	17,302	254,708
Deposits	111,629	467,727	-	-	579,356
Total liabilities	<u>690,609</u>	<u>506,770</u>	<u>942</u>	<u>90,571</u>	<u>1,288,892</u>
Deferred inflows of resources					
Unavailable revenues	-	-	1,296,610	-	1,296,610
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>1,296,610</u>	<u>-</u>	<u>1,296,610</u>
Fund Balance					
Nonspendable					
Notes and loans receivable	7,166	500,000	-	-	507,166
Prepaid expense	13,323	-	-	-	13,323
Restricted					
Capital improvement projects	-	-	-	2,539,990	2,539,990
Circulation improvements	-	-	-	1,847,198	1,847,198
Lighting, landscape & park maintenance	-	1,581,683	-	-	1,581,683
Public safety programs	-	-	-	231,568	231,568
Low-income housing activities	-	-	96,239	-	96,239
Unassigned	3,519,186	-	-	-	3,519,186
Total fund balance	<u>3,539,675</u>	<u>2,081,683</u>	<u>96,239</u>	<u>4,618,756</u>	<u>10,336,353</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 4,230,284</u>	<u>\$ 2,588,453</u>	<u>\$ 1,393,791</u>	<u>\$ 4,709,327</u>	<u>\$ 12,921,855</u>

CITY OF LIVINGSTON

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE TO THE STATEMENT OF NET POSITION JUNE 30, 2019

Total governmental fund balance	\$ 10,336,353
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Notes receivable are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds	1,296,610
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds	14,042,137
Post-retirement health benefits are not due and payable in the current period and, therefore, are not reported in the governmental funds	(1,924,805)
Deferred outflows of resources related to net pension liability, represent a consumption of net position or fund balance that applies to future period(s) and so will not be recognized as an outflow of resources (expenses) until that time	1,720,857
Net pension liability applicable to governmental activities is not due and payable in the current period and accordingly is not reported in the governmental funds	(4,787,874)
Deferred inflows of resources related to net pension liability, represent an acquisition of net position or fund balance that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time	(400,299)
Compensated absences are not due and payable in the current period and, therefore, are not reported in the governmental funds	<u>(440,215)</u>
Net position of governmental activities	<u>\$ 19,842,764</u>

CITY OF LIVINGSTON

STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE – GOVERNMENTAL FUNDS YEAR ENDED JUNE 30, 2019

	General	Maintenance Districts	Program Income	Non-Major Governmental Funds	Total Governmental Funds
Revenue					
Taxes	\$ 5,045,285	\$ -	\$ -	\$ -	\$ 5,045,285
Licenses and permits	413,846	-	-	-	413,846
Intergovernmental	641,220	2,672	-	1,496,746	2,140,638
Charges for services	324,789	-	-	-	324,789
Fines and forfeitures	77,808	-	-	-	77,808
Development impact fees	-	-	-	524,266	524,266
Maintenance assessments	-	1,453,808	-	-	1,453,808
Loan payments	-	-	130,285	-	130,285
Investment income	97,731	40,470	8,391	47,083	193,675
Other	230,390	361	-	3,603	234,354
Total revenue	<u>6,831,069</u>	<u>1,497,311</u>	<u>138,676</u>	<u>2,071,698</u>	<u>10,538,754</u>
Expenditures					
Current					
General government	865,191	-	-	-	865,191
Parks and community services	955,017	-	-	6,350	961,367
Public safety	3,389,789	-	-	139,192	3,528,981
Public works	460,045	1,122,526	-	613,507	2,196,078
Planning and community development	735,508	-	69,241	104,804	909,553
Capital outlay	16,193	108,140	-	232,911	357,244
Total expenditures	<u>6,421,743</u>	<u>1,230,666</u>	<u>69,241</u>	<u>1,096,764</u>	<u>8,818,414</u>
Revenue over/(under) expenditures	409,326	266,645	69,435	974,934	1,720,340
Other Financing Sources/(Uses)					
Sale of assets	-	-	-	250,675	250,675
Transfers in/(out)	(22,425)	180,861	(2,290)	(7,580)	148,566
Total other financing sources/(uses)	<u>(22,425)</u>	<u>180,861</u>	<u>(2,290)</u>	<u>243,095</u>	<u>399,241</u>
Change in Fund Balance	386,901	447,506	67,145	1,218,029	2,119,581
Fund Balance					
Beginning of year	3,152,774	1,634,177	29,094	3,400,727	8,216,772
End of year	<u>\$ 3,539,675</u>	<u>\$ 2,081,683</u>	<u>\$ 96,239</u>	<u>\$ 4,618,756</u>	<u>\$ 10,336,353</u>

CITY OF LIVINGSTON

RECONCILIATION OF STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES YEAR ENDED JUNE 30, 2019

Net change in fund balance - total governmental funds \$ 2,119,581

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

Depreciation expense on capital assets is reported in the Statement of
Activities, but it does not require the use of current financial
resources, therefore, depreciation expense is not reported as
expenditures in the Governmental Funds (561,109)

Governmental Funds report capital outlay as expenditures. However,
in the Statement of Activities the cost of those assets are capitalized
as an asset and depreciated over the period of service 357,244

Governmental Funds report sale of assets as revenue. However,
in the Statement of Activities these assets were capitalized as
an asset and depreciated. This is the difference between the gain
recognized in the governmental funds and the loss recognized in
the Statement of Activities (282,283)

Post-retirement benefit costs in the Statement of Activities do not
require the use of current financial resources and, therefore,
are not reported as expenditures in the Governmental Funds 87,470

Repayment of long-term notes receivable is revenue in governmental
funds, but the repayment reduces long-term assets in the statement
of net position (324,765)

Pension expenses reported in the Statement of Activities do not require
the use of current financial resources and, therefore, are not reported
as expenditures in the Governmental Funds (5,080)

Compensated absence costs in the Statement of Activities do not
require the use of current financial resources and, therefore, are
not reported as expenditures in the Governmental Funds (43,974)

Change in net position of governmental activities \$ 1,347,084

CITY OF LIVINGSTON

STATEMENT OF NET POSITION – PROPRIETARY FUNDS JUNE 30, 2019

	Business-Type Activities - Enterprise Funds				Total Proprietary Funds
	Water	Sanitation	Domestic Waste Water	Industrial Waste Water	
ASSETS					
Current assets					
Cash and investments	\$ 7,848,584	\$ 1,151,446	\$ 1,350,299	\$ -	\$ 10,350,329
Accounts and interest receivable, net	449,527	147,004	274,244	-	870,775
Due from government	514,389	-	-	-	514,389
Advances to other fund	1,271,754	-	-	-	1,271,754
Total current assets	<u>10,084,254</u>	<u>1,298,450</u>	<u>1,624,543</u>	<u>-</u>	<u>13,007,247</u>
Non-current assets					
Note receivable	250,000	-	-	-	250,000
Property, plant and equipment, net of allowance for depreciation	12,835,885	11,541	11,782,306	198,705	24,828,437
Total noncurrent assets	<u>13,085,885</u>	<u>11,541</u>	<u>11,782,306</u>	<u>198,705</u>	<u>25,078,437</u>
Total assets	<u>23,170,139</u>	<u>1,309,991</u>	<u>13,406,849</u>	<u>198,705</u>	<u>38,085,684</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>165,491</u>	<u>29,066</u>	<u>138,339</u>	<u>-</u>	<u>332,896</u>
LIABILITIES					
Current liabilities					
Accounts payable	404,415	109,205	204,105	-	717,725
Accrued expenses	26,381	6,393	21,468	-	54,242
Accrued interest	-	-	35,312	-	35,312
Advances from other fund	-	-	-	1,271,754	1,271,754
Deposits	107,935	-	-	-	107,935
Current portion of long-term debt	60,323	-	190,000	-	250,323
Total current liabilities	<u>599,054</u>	<u>115,598</u>	<u>450,885</u>	<u>1,271,754</u>	<u>2,437,291</u>
Non-current liabilities					
Long-term debt	1,108,156	-	7,109,187	-	8,217,343
Net pension liability	442,354	119,876	327,556	-	889,786
Net OPEB liability	300,482	81,444	222,579	-	604,505
Compensated absences	54,834	7,439	47,975	-	110,248
Total noncurrent liabilities	<u>1,905,826</u>	<u>208,759</u>	<u>7,707,297</u>	<u>-</u>	<u>9,821,882</u>
Total liabilities	<u>2,504,880</u>	<u>324,357</u>	<u>8,158,182</u>	<u>1,271,754</u>	<u>12,259,173</u>
DEFERRED INFLOWS OF RESOURCES	<u>49,636</u>	<u>13,451</u>	<u>36,755</u>	<u>-</u>	<u>99,842</u>
NET POSITION					
Net investment in capital assets	11,667,406	11,541	4,483,119	198,705	16,360,771
Restricted for debt service	-	-	451,250	-	451,250
Restricted for capital improvements	6,859,044	-	449,672	-	7,308,716
Unrestricted/(deficit)	2,254,664	989,708	(33,790)	(1,271,754)	1,938,828
Total net position/(deficit)	<u>\$ 20,781,114</u>	<u>\$ 1,001,249</u>	<u>\$ 5,350,251</u>	<u>\$ (1,073,049)</u>	<u>\$ 26,059,565</u>

See accompanying notes.

CITY OF LIVINGSTON

STATEMENT OF REVENUE, EXPENSE, AND CHANGES IN FUND NET POSITION – PROPRIETARY FUNDS YEAR ENDED JUNE 30, 2019

	Business-Type Activities - Enterprise Funds				
	Water	Sanitation	Domestic Waste Water	Industrial Waste Water	Total Proprietary Funds
Operating Revenue					
Charges for services	\$ 3,828,215	\$ 1,423,240	\$ 2,182,325	\$ 2,286	\$ 7,436,066
Other income	11,790	15,666	102,311	-	129,767
Total operating income	<u>3,840,005</u>	<u>1,438,906</u>	<u>2,284,636</u>	<u>2,286</u>	<u>7,565,833</u>
Operating Expense					
Contractual services and utilities	2,033,465	1,044,460	355,600	-	3,433,525
Personnel	705,733	193,898	596,523	-	1,496,154
Supplies and materials	736,289	44,599	345,652	2,286	1,128,826
Depreciation	480,469	1,335	419,954	829	902,587
Total operating expense	<u>3,955,956</u>	<u>1,284,292</u>	<u>1,717,729</u>	<u>3,115</u>	<u>6,961,092</u>
Operating income/(loss)	<u>(115,951)</u>	<u>154,614</u>	<u>566,907</u>	<u>(829)</u>	<u>604,741</u>
Nonoperating Revenue/(Expense)					
Development impact fees	149,130	-	167,766	-	316,896
Contributed capital	1,148,421	-	-	-	1,148,421
Intergovernmental	-	1,965	-	-	1,965
Investment income	163,639	14,901	25,482	-	204,022
Interest expense	<u>(19,409)</u>	<u>-</u>	<u>(207,457)</u>	<u>-</u>	<u>(226,866)</u>
Total nonoperating revenue/(expense)	<u>1,441,781</u>	<u>16,866</u>	<u>(14,209)</u>	<u>-</u>	<u>1,444,438</u>
Other Financing Sources/(Uses)					
Transfer in/(out)	<u>-</u>	<u>-</u>	<u>(148,566)</u>	<u>-</u>	<u>(148,566)</u>
Total other financing sources/(uses)	<u>-</u>	<u>-</u>	<u>(148,566)</u>	<u>-</u>	<u>(148,566)</u>
Change in Net Position	1,325,830	171,480	404,132	(829)	1,900,613
Net Position					
Beginning of year	<u>19,455,284</u>	<u>829,769</u>	<u>4,946,119</u>	<u>(1,072,220)</u>	<u>24,158,952</u>
End of year	<u>\$ 20,781,114</u>	<u>\$ 1,001,249</u>	<u>\$ 5,350,251</u>	<u>\$ (1,073,049)</u>	<u>\$ 26,059,565</u>

CITY OF LIVINGSTON

STATEMENT OF CASH FLOW - PROPRIETARY FUNDS YEAR ENDED JUNE 30, 2019

	Business-Type Activities - Enterprise Funds				Total Proprietary Funds
	Water	Sanitation	Domestic Waste Water	Industrial Waste Water	
Operating Activities					
Receipts from customers and users	\$ 4,095,331	\$ 1,444,969	\$ 2,242,278	\$ 2,286	\$ 7,784,864
Payment to suppliers of goods and services	(2,795,028)	(1,059,445)	(846,492)	(2,286)	(4,703,251)
Payment to employees	(699,659)	(176,944)	(613,637)	-	(1,490,240)
Net cash provided by (used in) operating activities	<u>600,644</u>	<u>208,580</u>	<u>782,149</u>	<u>-</u>	<u>1,591,373</u>
Non-capital Financial Activities					
Payments from other governments	634,032	1,965	-	-	635,997
Payments received from (paid to) other funds	-	-	(148,566)	-	(148,566)
Payments from developers	149,130	-	167,766	-	316,896
Net cash provided by (used in) noncapital financing activities	<u>783,162</u>	<u>1,965</u>	<u>19,200</u>	<u>-</u>	<u>804,327</u>
Capital and Related Financing Activities					
Purchase of property, plant and equipment	(1,300,105)	-	(322,580)	-	(1,622,685)
Principal paid on long-term debt	(59,369)	-	(186,822)	-	(246,191)
Interest paid on long-term debt	(20,466)	-	(127,403)	-	(147,869)
Net cash provided by (used in) capital and related financing activities	<u>(1,379,940)</u>	<u>-</u>	<u>(636,805)</u>	<u>-</u>	<u>(2,016,745)</u>
Investing Activities					
Interest received	163,639	14,901	25,482	-	204,022
Net cash provided by investing activities	<u>163,639</u>	<u>14,901</u>	<u>25,482</u>	<u>-</u>	<u>204,022</u>
Net Increase (Decrease) in Cash	167,505	225,446	190,026	-	582,977
Cash					
Beginning of year	<u>7,681,079</u>	<u>926,000</u>	<u>1,160,273</u>	<u>-</u>	<u>9,767,352</u>
End of year	<u>\$ 7,848,584</u>	<u>\$ 1,151,446</u>	<u>\$ 1,350,299</u>	<u>\$ -</u>	<u>\$ 10,350,329</u>
Cash Flows from Operating Activities					
Operating income (loss)	\$ (115,951)	\$ 154,614	\$ 566,907	\$ (829)	\$ 604,741
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	480,469	1,335	419,954	829	902,587
(Increase) Decrease in Accounts Receivable	243,430	6,063	(42,358)	-	207,135
(Increase) Decrease in Deferred Outflows of Resources	(11,448)	12,017	(23,973)	-	(23,404)
Increase (Decrease) in Accounts Payable and Accrued Liabilities	(25,274)	29,614	(145,240)	-	(140,900)
Increase (Decrease) in Deposits	11,896	-	-	-	11,896
Increase (Decrease) in Compensated Absences	23,713	185	14,274	-	38,172
Increase (Decrease) in Deferred Inflows of Resources	10,266	2,782	7,602	-	20,650
Increase (Decrease) in Net OPEB Liability	(5,108)	5,046	(6,614)	-	(6,676)
Increase (Decrease) in Net Pension Liability	(11,349)	(3,076)	(8,403)	-	(22,828)
Net Cash Provided (Used) by Operating Activities	<u>\$ 600,644</u>	<u>\$ 208,580</u>	<u>\$ 782,149</u>	<u>\$ -</u>	<u>\$ 1,591,373</u>

CITY OF LIVINGSTON

STATEMENT OF FIDUCIARY NET POSITION PRIVATE-PURPOSE TRUST FUND – SUCCESSOR AGENCY JUNE 30, 2019

Assets

Cash and investments	\$	-
Total assets		<u>-</u>

Liabilities

Accounts payable and accrued liabilities		-
Total liabilities		<u>-</u>

Net Position

Held in trust for other governments	\$	<u><u>-</u></u>
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CITY OF LIVINGSTON

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION PRIVATE-PURPOSE TRUST FUND – SUCCESSOR AGENCY JUNE 30, 2019

Additions

Other revenue	\$ 255
Total additions	<u>255</u>

Deductions

Program expenses	<u>25,398</u>
Total deductions	<u>25,398</u>

Change In Net Position (25,143)

Net Position

Beginning of year	<u>25,143</u>
End of year	<u><u>\$ -</u></u>

CITY OF LIVINGSTON

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2019

Note 1 – Summary of Significant Accounting Policies

The financial statements of the City of Livingston (the City) have been prepared in conformity with Accounting Principles Generally Accepted in the United States of America (GAAP) as applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

These financial statements present the government and its component units, entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities are, in substance, part of the government's operations and data from these units are combined with data of the primary government. Each blended component unit has a June 30 fiscal year end. There are no discretely presented component units included in these financial statements. The following sections further describe the significant accounting policies of the City.

Reporting Entity

The City operates under a Council-Manager form of government. The City's major operations include public safety; highways and streets; water, sewer, and refuse collection; parks and recreation; building inspection; public improvements; planning and zoning, and general administrative services.

Basis of Presentation – Fund Accounting

Government-Wide Financial Statements - The Government-Wide Financial Statements (the Statement of Net Position and the Statement of Activities and Changes in Net Position) report information of all of the nonfiduciary activities of the primary government and its component units. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the City. Governmental activities, which normally are supported by taxes and inter-governmental revenues, are reported separately from business-type activities, which rely significantly on fees charged to external parties.

The Statement of Activities and Changes in Net Position presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and are clearly identifiable to a particular function. Program revenues include 1) charges paid by the recipients of goods or services offered by the programs and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Net position is restricted when constraints placed on them are either externally imposed or are imposed by constitutional provisions or enabling legislation. Internally imposed designations of resources are not presented as restricted net position. When both restricted and unrestricted resources are available for use, generally, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

CITY OF LIVINGSTON

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2019

Note 1 – Summary of Significant Accounting Policies (Continued)

Governmental Fund Financial Statements - The Governmental Fund Financial Statements provide information about the City's funds, including fiduciary funds and the blended component unit. Separate statements for each fund category - governmental, proprietary and fiduciary - are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental funds are separately aggregated and reported as non-major funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

The City reports the following major governmental funds:

General Fund – The General Fund is the general operating fund of the City. It is used for all financial resources except those required legally, or by sound financial management to be accounted for in another fund. Generally, the General Fund is used to account for those traditional governmental services of the City, such as police and fire protection, public works, parks and recreation, community development, planning and general administrative services.

Maintenance Districts Fund - The Maintenance Districts Fund is to account for maintenance assessments collected for operation and maintenance of special assessment districts within the City's jurisdiction.

Program Income Fund - The Program Income Fund is to account for loan repayments received from low to moderate income home loans.

The City reports the following major enterprise funds:

Water Fund – The Water Fund accounts for the operation and maintenance of the City's water treatment and water transmission and distribution systems.

Sanitation Fund – The Sanitation Fund accounts for the operation and maintenance of the City's sanitation system.

Domestic Waste Water Fund – The Domestic Waste Water Fund accounts for the operation and maintenance of the City's sewer system.

Industrial Waste Water Fund – The Industrial Waste Water Fund accounts for the operation and maintenance of the City's industrial specific sewer system.

The City reports the following additional fund types:

Private-Purpose Trust Fund - The Private-Purpose Trust Fund accounts for assets held by the City as trustee for the Successor Agency.

CITY OF LIVINGSTON

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2019

Note 1 – Summary of Significant Accounting Policies (Continued)

Basis of Accounting

The Government-Wide and Proprietary Fund 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 at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property and sales taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from sales tax are recognized when the underlying transactions take place. Revenues from grants, entitlements and donations are recognized in the fiscal year in which all eligible requirements have been satisfied.

Governmental Funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Property and sales taxes, interest, certain state and federal grants and charges for services are accrued when their receipt occurs within sixty days after the end of the accounting period so as to be both measurable and available. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, claims and judgments are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and capital leases are reported as other financing sources.

Proprietary Funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a Proprietary Fund's principal ongoing operations. Revenues and expenses not meeting this definition are reported as non-operating.

Financial Statement Amounts

Cash and Cash Equivalents - Cash and cash equivalents represent the City's cash bank accounts including, but not limited to, certificates of deposit, money market funds and cash management pools for reporting purposes in the Statement of Cash Flows. Additionally, investments with maturities of three months or less when purchased are included as cash equivalents in the Statement of Cash Flows.

The City maintains a cash and investment pool that is available for use by all funds. Interest earnings as a result of this pooling are distributed to the appropriate funds based on month end cash balances in each fund.

Investments of the pool include only those investments authorized by the California Government Code such as, United States Treasury securities, agencies guaranteed by the United States Government, registered state warrants, and other investments. Investments primarily consist of deposits in the State of California Local Agency Investment Fund. Investments are recorded at amortized cost or fair value. Fair value is based upon quoted market prices.

CITY OF LIVINGSTON

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2019

Note 1 – Summary of Significant Accounting Policies (Continued)

Accounts Receivable – Billed, but unpaid, services provided to individuals or non-governmental entities are recorded as accounts receivable. The Proprietary Funds include a year-end accrual for services through the end of the fiscal year which have not yet been billed. Accounts receivable are reported net of an allowance for uncollectibles.

Merced County is responsible for the assessment, collection and apportionment of property taxes for all taxing jurisdictions. Property taxes are levied in equal installments on November 1 and February 1. They become delinquent on December 10 and April 10, respectively. The lien date is January 1 of each year. Property taxes are accounted for in the General Fund. Property tax revenues are recognized when they become measurable and available to finance current liabilities. The City considers property taxes as available if they are collected within 60 days after year end. Property tax on the unsecured roll are due on July 1 and become delinquent if unpaid on August 31. However, unsecured property taxes are not susceptible to year end accrual.

Interfund Receivables/Payables - Items classified as interfund receivable/payable represent short-term lending/borrowing transactions between funds. This classification also includes the current portion of an advance to or from another fund.

Advances To/From Other Funds - This classification represents non-current portions of any long-term lending/borrowing transactions between funds. This amount will be equally offset by a reserve of fund balance which indicates that it does not represent available financial resources and therefore, is not available for appropriation. The current portion of any interfund long-term loan (advance) is included as an interfund receivable/payable.

Capital Assets - Capital outlays are recorded as expenditures of the General, Special Revenue, and Capital Projects Funds and as assets in the Government-Wide Financial Statements to the extent the City's capitalization threshold is met.

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the Government-Wide Financial Statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Betterments and major improvements which significantly increase values, change capacities or extend useful lives are capitalized. Upon sale or retirement of fixed assets, the cost and related accumulated depreciation are removed from the respective accounts and any resulting gain or loss is included in the results of operations.

CITY OF LIVINGSTON

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2019

Note 1 – Summary of Significant Accounting Policies (Continued)

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities are included as part of the capitalized value of the assets constructed.

Property, plant, and equipment of the primary government, as well as the component units, are depreciated using the straight line method over the following estimated useful lives:

	<u>Years</u>
Infrastructure	10 - 40
Buildings and structures	15 - 20
Improvement other than buildings	15
Machinery and equipment	5

Compensated Absences – Accumulated unpaid compensated absences (vacation, compensatory time and sick leave) are accrued as a liability and reported on the government-wide financial statements as long-term debt.

Payment of unpaid amounts are reported in the fund from which the employees who have accumulated leave are paid.

Deposits – Deposits principally consist of amounts collected from developers for services to be rendered by the City, including engineering, plan checks and inspections and planning review services. The City recognizes such amounts deposited as revenue when the services are performed and the corresponding expenditures are incurred.

Long-Term Obligations - In the Government-Wide Financial Statements and in the Proprietary Fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or Proprietary Fund Type Statement of Net Position. Debt principal payments of both government and business-type activities are reported as decreases in the balance of the liability on the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

Pension – For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City’s California Public Employee Retirement System (CalPERS) plan and additions to/deduction from the Plan’s fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

CITY OF LIVINGSTON

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2019

Note 1 – Summary of Significant Accounting Policies (Continued)

In the fund financial statements, debt principal payments of Governmental Funds are recognized as expenditures when paid. Governmental Fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Non-Current Governmental Assets/Liabilities - GASB Statement No. 34 eliminates the presentation of account groups, but provides for these records to be maintained and incorporates the information into the Governmental Activities column in the Government-Wide Statement of Net Position.

Net Position/Fund Balance - The government-wide and business-type activities financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted.

- Net Investment in Capital Assets - This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.
- Restricted Net Position - This category presents external restrictions on net position imposed by creditors, grantors, contributors, laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
- Unrestricted Net Position - This category represents net position of the City not restricted for any project or other purpose.

Fund Balance – In the fund financial statements, governmental fund balance is made up of the following components:

- Nonspendable fund balance typically includes inventories, prepaid items, long-term portion of loans receivable and other items that must be maintained intact pursuant to legal or contractual requirements, such as endowments.
- Restricted fund balance category includes amounts that can be spent only for specific purposes imposed by creditors, grantors, contributors, or laws or regulations of other governments or through enabling legislations.
- Committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the City Council. The City Council has the authority to establish, modify, or rescind a fund balance commitment.
- Assigned fund balance are amounts designated by the City Council for specific purposes and do not meet the criteria to be classified as restricted or committed.
- Unassigned fund balance is the residual classification that includes all spendable amounts in the General Fund not contained in other classifications.

CITY OF LIVINGSTON

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2019

Note 1 – Summary of Significant Accounting Policies (Continued)

When expenditures are incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) fund balances are available, the City's policy is to apply restricted first. When expenditures are incurred for purposes for which committed, assigned, or unassigned fund balances are available, the City's policy is to apply committed fund balance first, then assigned fund balance, and finally unassigned fund balance.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported 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 expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Note 2 – Stewardship, Compliance and Accountability

California law authorizes the City to invest in obligations of the United States Treasury, agencies and instrumentalities, certificates of deposit or time deposits in banks and savings and loan associations which are insured by the Federal Deposit Insurance Corporation.

In accordance with applicable sections of the California Government Code and the Livingston Municipal Code, the City prepares and legally adopts an annual balanced budget on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for the General Fund, specific Special Revenue Funds, and specific Capital Projects Funds. Budget plans are adopted for Proprietary Funds. The Council holds public hearings and may add to, subtract from, or change appropriations within the revenues and reserves estimated as available. Expenditures may not legally exceed budgeted appropriations at the fund level. Supplementary appropriations which alter the total expenditures of any fund, or expenditures in excess of total budgeted fund appropriations, must be approved by the City Council.

All annual appropriations lapse at fiscal year end to the extent they have not been expended or encumbered.

CITY OF LIVINGSTON

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2019

Note 3 – Cash and Investments

The City pools all of its cash and investments except those funds required to be held by outside fiscal agents under the provisions of bond indentures. Interest income earned on pooled cash is allocated to the various funds on average cash balances. Interest income from cash investments held with fiscal agents is credited directly to the related funds.

Cash and investments as of June 30, 2019 are classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash and Investments	\$ 19,943,705
Total Cash and Investments	<u>\$ 19,943,705</u>

Cash and investments as of June 30, 2019 consist of the following:

Cash on hand	\$ 3,199
Deposits with Financial Institutions	6,590,975
Local Agency Investment Fund	8,495,407
CSJVRMA Investment Pool	245,869
Money Market Mutual Funds	4,358,255
Certificates of Deposit	<u>250,000</u>
Total Cash and Investments	<u>\$ 19,943,705</u>

CITY OF LIVINGSTON

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019**

Note 3 – Cash and Investments (Continued)

Fair Value Measurements

The framework for measuring fair value provides a fair value hierarchy that categorizes the inputs to valuation techniques used to measure fair value into three levels. The fair value hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described as follows:

- Level 1: Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.
- Level 2: Inputs to valuation methodology include inputs – other than quoted prices included within Level 1 – that are observable for an asset or liability, either directly or indirectly.
- Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset’s or liability’s fair value measurement level within a fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value.

LAIF is valued based on the City’s pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (Level 2 input).

The City had the following recurring fair value measurements as of June 30, 2019:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>June 30, 2019 Balance</u>
Investments by fair value level:				
Equity Securities:				
CSJVRMA Investment Pool	\$ -	\$ 245,869	\$ -	\$ 245,869
LAIF	-	<u>8,495,407</u>	-	<u>8,495,407</u>
Total Equity Securities	<u>-</u>	<u>8,741,276</u>	<u>-</u>	<u>8,741,276</u>
Cash and investments carried at amortized cost:				
Bank Deposits and Cash on Hand				6,594,174
Certificate of Deposits				250,000
Money Market Mutual Funds				<u>4,358,255</u>
Total Investments amortized at cost				<u>11,202,429</u>
Total Cash and Investments				<u>\$ 19,943,705</u>

CITY OF LIVINGSTON

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2019

Note 3 – Cash and Investments (Continued)

Investments Authorized by the California Government Code and the City's Investment Policy

The table below identifies the investment types that are authorized for the City by the California Government Code (or the City's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the City's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. The City's investment policy does not contain any specific provisions intended to limit the City's exposure to interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the City, rather than the general provisions of the California Government Code or the City's investment policy.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment In One Issuer
Local Agency Bonds	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptances	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20%	None
Medium-Term Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
JPA Pools (other investment pools)	N/A	None	None

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

Information about the sensitivity of the fair values of the City's investments to market interest rate fluctuations is provided by the following table that shows the distribution to the City's investments by maturity:

CITY OF LIVINGSTON

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2019

Note 3 – Cash and Investments (Continued)

Disclosures Relating to Interest Rate Risk (Continued)

Investment Type	12 Months or less	13 to 24 Months	25 to 84 Months	Total
LAIF	\$ 8,495,407	\$ -	\$ -	\$ 8,495,407
CSJVRMA Investment Pool	245,869	-	-	245,869
Money Market Mutual Funds	4,358,255	-	-	4,358,255
Certificates of Deposit	250,000	-	-	250,000
Total Investments	\$ 13,349,531	\$ -	\$ -	13,349,531
Cash in bank and on hand				6,594,174
Total Cash and Investments				\$ 19,943,705

Disclosures Relating to Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating by Standard & Poor's required by the California Government Code or the City's investment policy, and the actual rating as of June 30, 2019 for each investment type:

	Total
Not rated:	
LAIF	\$ 8,495,407
CSJVRMA Investment Pool	245,869
Money Market Mutual Funds	4,358,255
Certificates of Deposit	250,000
Cash in bank and on hand	6,594,174
Total Cash and Investments	\$ 19,943,705

Concentration of Credit Risk

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. The City does not have any investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total City investments.

CITY OF LIVINGSTON

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2019

Note 3 – Cash and Investments (Continued)

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

As of June 30, 2019, the carrying amount of the City's bank deposits was \$6,590,975 per books, and the respective bank balances totaled \$6,465,331. Of the bank balances \$250,000 is insured through the Federal Deposit Insurance Company. The remaining balance is to be collateralized by the bank.

The custodial risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF).

Investment in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

Investment in Central San Joaquin Valley Risk Management (CSJVRMA) Investment Pool

The City holds investments in the CSJVRMA Pool that are subject to being adjusted to "fair value". The City is required to disclose methods and assumptions used to estimate the fair value of its holdings in the CSJVRMA Pool. The City relied upon information provided by the CSJVRMA in estimating the City's fair value position of its holdings in the CSJVRMA Pool. The City had a contractual withdrawal value of \$245,869 at fiscal year end.

The CSJVRMA's Investment Pool is a governmental investment pool managed and directed by the elected CSJVRMA. The CSJVRMA Pool is not registered with the Securities and Exchange Commission. An oversight committee comprised of local government officials and various participants provide oversight to the management of the fund. The City is a voluntary participant in the investment pool.

CITY OF LIVINGSTON

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2019

Note 4 – Notes/Long-Term Receivables

City of Livingston Employee Computer Purchase Program

The City of Livingston established a program for eligible employees to acquire computers and accessories with financial assistance from the City in the form of a no interest loan repaid through automatic payroll deductions. The goal of the program is to improve organizational productivity by encouraging employees to purchase and use home computers.

Only full-time regular employees who have successfully passed their probationary period as new employees, and have no garnishments for credit or tax purposes, or similar liens in place at the time of application, are eligible to participate in this program. Contract employees may participate in this program under the following conditions: their employment contract generally extends to them the same benefits as regular employees, and the repayment period does not extend beyond their contract term.

The maximum loan amount is \$3,000 per employee to be paid over a maximum of 36 months interest free. Seven employees are currently participating for a total outstanding balance as of June 30, 2019 of \$7,166 due to the City. The receivable is reflected in the General Fund.

Northern California Community Loan Fund

The City loaned \$250,000 to the Northern California Community Loan Fund with simple interest at 2% per annum. The loan was set to mature on March 26, 2018, however, the City allowed an extension through the next fiscal year. The loan is recorded in the Water Capital Fund.

The City loaned \$50,000 to the Northern California Community Loan Fund with simple interest at 2% per annum. The loan was set to mature on October 17, 2018, however, the City allowed an extension through the next fiscal year. The loan is recorded in the Maintenance Districts Fund.

The City loaned \$450,000 to the Northern California Community Loan Fund with simple interest at 2.75% per annum maturing on October 17, 2019. The loan is recorded in the Maintenance Districts Fund.

CDBG Rehab Loans

The City operates a CDBG rehabilitation loan program for the renovation of low income housing. The total balance outstanding at June 30, 2019 for the 2002-2003 loans were \$196,901. These loans are reflected in the Program Income Fund.

First Time Home Buyers Down-Payment Assistance

The City operates a first time home buyers down-payment assistance loan program. The total outstanding balances at June 30, 2019 were \$1,099,709 and are reflected in the Program Income Fund.

CITY OF LIVINGSTON

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2019

Note 5 – Advance To and From Funds

Advances represent long-term borrowing between funds. These amounts are not expected to be repaid within the next fiscal year.

Advance from and to other funds as of June 30, 2019 are as follows:

	<u>Advance To</u>	<u>Advance From</u>
Major Funds:		
Water Fund	\$ 1,271,754	\$ -
Industrial Waste Water Fund	-	1,271,754
	<u>\$ 1,271,754</u>	<u>\$ 1,271,754</u>

CITY OF LIVINGSTON

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2019

Note 6 – Capital Assets

Capital asset activities for the year ended June 30, 2019 were as follows:

	<u>Balance</u> <u>July 1, 2018</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2019</u>
<u>Governmental Activities</u>				
Capital assets, not being depreciated				
Land	\$ 3,485,866	\$ -	\$ -	\$ 3,485,866
Construction in progress	-	-	-	-
Total capital assets, not being depreciated	<u>3,485,866</u>	<u>-</u>	<u>-</u>	<u>3,485,866</u>
Capital assets, being depreciated				
Buildings and improvements	9,981,239	10,000	(377,191)	9,614,048
Infrastructure	5,406,972	-	-	5,406,972
Machinery and equipment	<u>4,731,237</u>	<u>347,244</u>	<u>-</u>	<u>5,078,481</u>
Total capital assets, being depreciated	<u>20,119,448</u>	<u>357,244</u>	<u>(377,191)</u>	<u>20,099,501</u>
Less accumulated depreciation for:				
Buildings and improvements	(4,126,275)	(220,029)	94,908	(4,251,396)
Infrastructure	(1,010,870)	(109,067)	-	(1,119,937)
Machinery and equipment	<u>(3,939,884)</u>	<u>(232,013)</u>	<u>-</u>	<u>(4,171,897)</u>
Total accumulated depreciation	<u>(9,077,029)</u>	<u>(561,109)</u>	<u>94,908</u>	<u>(9,543,230)</u>
Total capital assets, being depreciated, net	<u>11,042,419</u>	<u>(203,865)</u>	<u>(282,283)</u>	<u>10,556,271</u>
Governmental activities capital assets, net	<u>\$ 14,528,285</u>	<u>\$ (203,865)</u>	<u>\$ (282,283)</u>	<u>\$ 14,042,137</u>
<u>Business-Type Activities</u>				
Capital assets, not being depreciated				
Land	\$ 2,985,629	\$ -	\$ -	\$ 2,985,629
Construction in progress	<u>423,583</u>	<u>50,595</u>	<u>-</u>	<u>474,178</u>
Total capital assets, not being depreciated	<u>3,409,212</u>	<u>50,595</u>	<u>-</u>	<u>3,459,807</u>
Capital assets, being depreciated				
Buildings	25,000	-	-	25,000
Improvements other than buildings	29,828,978	1,405,088	-	31,234,066
Machinery and equipment	<u>1,510,838</u>	<u>167,002</u>	<u>(169,668)</u>	<u>1,508,172</u>
Total capital assets, being depreciated	<u>31,364,816</u>	<u>1,572,090</u>	<u>(169,668)</u>	<u>32,767,238</u>
Less: accumulated depreciation	<u>(10,665,689)</u>	<u>(902,587)</u>	<u>169,668</u>	<u>(11,398,608)</u>
Total capital assets, being depreciated, net	<u>20,699,127</u>	<u>669,503</u>	<u>-</u>	<u>21,368,630</u>
Business-type activities capital assets, net	<u>\$ 24,108,339</u>	<u>\$ 720,098</u>	<u>\$ -</u>	<u>\$ 24,828,437</u>

CITY OF LIVINGSTON

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2019

Note 6 – Capital Assets (Continued)

Depreciation expense was charged to the following functions in the Statement of Activities:

Governmental Functions:

General Government	\$ 68,889
Public Safety	127,999
Public Works	209,932
Parks and Community Services	154,289
	<u>\$ 561,109</u>

Business-Type Functions:

Water	\$ 480,469
Sanitation	1,335
Domestic Sewer	419,954
Industrial Sewer	829
	<u>\$ 902,587</u>

Note 7 – Long-Term Debt

The City generally incurs long-term debt to finance projects or purchase assets which will have useful lives equal to or greater than the related debt.

In governmental fund types, debt discounts, premiums, and issuance costs are recognized in the current period. Debt discounts and premiums incurred in proprietary funds are deferred and amortized over the term of the debt using the bonds-outstanding method, which approximates the effective interest method. The City's debt transactions are summarized below and discussed in detail thereafter:

	<u>Balance</u> <u>July 1, 2018</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2019</u>	<u>Current</u> <u>Portion</u>
<u>Business-Type Activity Long Term Debt</u>					
SWRCB Water Loan	\$ 1,227,848	\$ -	\$ (59,369)	\$ 1,168,479	\$ 60,323
2016A Sewer Refunding	<u>7,320,000</u>	<u>-</u>	<u>(180,000)</u>	<u>7,140,000</u>	<u>190,000</u>
Total long-term debt	8,547,848	-	(239,369)	8,308,479	250,323
Unamortized bond premiums and deferred charges	<u>166,009</u>	<u>-</u>	<u>(6,822)</u>	<u>159,187</u>	<u>6,822</u>
Total Long-term Debt with Unamortized Bond Premiums and Deferred Charges	<u>\$ 8,713,857</u>	<u>\$ -</u>	<u>\$ (246,191)</u>	<u>\$ 8,467,666</u>	<u>\$ 257,145</u>
<u>Compensated Absences</u>					
Government Activities	<u>\$ 396,241</u>	<u>\$ 43,974</u>	<u>\$ -</u>	<u>\$ 440,215</u>	
Business-Type Activities	<u>\$ 72,076</u>	<u>\$ 38,172</u>	<u>\$ -</u>	<u>\$ 110,248</u>	

CITY OF LIVINGSTON

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2019

Note 7 – Long-Term Debt (Continued)

Long-term debt payable at June 30, 2019 was comprised of the following individual issues:

2016A Sewer Revenue Refunding Bonds – In October 2016, the City issued Series 2016A Sewer Revenue Refunding Bonds for the principal amount of \$7,715,000. The issuance was to refund the outstanding principal balance of the Refunding Revenue Bonds described above. In addition, the proceeds of the sale of the bond were used to pay the costs of issuance. The reacquisition price exceeded the net carrying amount of the old debt by \$57,298. The City refunded the above debts to reduce its total debt service over 26 years by \$1,858,942 and to obtain an economic gain (difference between the present values of debt service payments on the old and new debt) of \$832,214. The bonds bear interest ranging from 2.0% to 4.0% and are payable semi-annually commencing March 2017 through March 2043. Debt service is secured by a pledge of net revenues of the City's Sewer System. The City covenants that it shall prescribe, revise and collect such charges for the services and facilities of the sewer system which shall produce revenues sufficient in each fiscal year to provide gross revenues which are sufficient to pay all sewer operation and maintenance costs and all bond installment payments and produce net sewer revenues equal to at least 1.25 times debt service coming due and payable during such fiscal year. The City is in compliance with those covenants as of June 30, 2019. Cash basis debt service paid during the fiscal year ended June 30, 2019 totaled \$495,450. Total sewer system net revenues calculated in accordance with the covenants were \$1,191,604 at June 30, 2019.

SWRCB Water Loan – In December 2016, the City entered into a note payable for \$1,353,245 with the State Water Resource Control Board to fund major improvements to Well #17. Principal and interest of \$39,389 are paid semi-annually on January 1 and July 1 through 2036. The interest rate is 1.6%.

CITY OF LIVINGSTON

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2019

Note 7 – Long-Term Debt (Continued)

The annual requirement to amortize the principal and interest on all long-term debt at June 30, 2019 were as follows:

Years ending June 30,	Business-Type Activities	
	Principal	Interest
2020	\$ 250,323	\$ 281,130
2021	256,292	272,584
2022	262,276	263,823
2023	273,277	254,846
2024	284,293	244,445
2025-2029	1,582,294	1,011,348
2030-2034	1,875,270	705,785
2035-2039	1,939,455	393,440
2040-2044	1,585,000	78,637
	<u>\$ 8,308,479</u>	<u>\$ 3,506,038</u>
Unamortized premiums and deferred charges	<u>159,187</u>	
Net long-term debt	<u>\$ 8,467,666</u>	

Note 8 – Deficit Fund Balances

Fund Balance and Retained Earnings Deficits - The following is a summary of deficit fund balances and retained earnings as of June 30, 2019:

Enterprise Funds	
Industrial Waste Water	<u>\$ (1,073,049)</u>

The deficit fund balance in the Industrial Waste Water-Enterprise Fund is due to the settlement of various receivables and capital costs with Foster Farms. The deficit is expected to be negated by future revenues.

CITY OF LIVINGSTON

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2019

Note 9 – Interfund Transfers

In general, the City uses interfund transfers to (1) move revenues from the funds that collect them to the funds' that statute or budget requires to expend them, (2) use unrestricted revenues collected in the General Fund to help finance various programs and capital projects accounted for in other funds in accordance with budgetary authorization, and (3) move cash to debt service funds from the funds responsible for payment as debt service payments become due. In general, the effect of the interfund activity has been eliminated from the government-wide financial statements.

	<u>Transfers In</u>	<u>Transfers Out</u>
Major Governmental Funds:		
General Fund	\$ -	\$ (22,425)
Maintenance District	180,861	-
Program Income Fund	-	(2,290)
Major Enterprise Funds:		
Domestic Wastewater Fund	-	(148,566)
Nonmajor Governmental Funds:		
Gas Tax Fund	148,399	-
RSTP	-	(75,436)
Police Impact fees Fund	22,602	-
Fire Impact Fees Fund	16,144	-
Municipal Facilities Impact Fees Fund	60,541	-
Developer Projects Fund	-	(230,054)
Capital Projects Fund	50,224	-
	<u>\$ 478,771</u>	<u>\$ (478,771)</u>

CITY OF LIVINGSTON

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2019

Note 10 – Deferred Outflows and Deferred Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to future period(s) and thus, will not be recognized as an outflow of resources (expense/expenditure) until then. The City reports the following deferred outflow of resources related to net pension liability in the Statement of Net Position:

Deferred outflows of resources related to net pension liability:

Pension contributions subsequent to measurement date	\$ 686,189
Change in employer's proportion	144,962
Difference between expected and actual experience	184,844
Changes in assumptions	616,220
Net differences between projected and actual earnings on pension plan investments	31,640

Deferred outflows of resources related to net OPEB liability:

Differences between expected and actual contributions	84,560
Net differences between projected and actual earnings on investments	3,066
Deferred contributions	<u>302,272</u>

Total deferred outflows of resources \$ 2,053,753

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represent an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City reports the following deferred inflows related to net pension in the Statement of Net Position:

Deferred inflows of resources related to net pension liability:

Changes in employer's proportion	\$ 35,034
Difference between projected and actual contributions	286,152
Difference between expected and actual experience	48,780
Changes in assumptions	104,024

Deferred inflows of resources related to net OPEB liability:

Changes in assumptions	<u>26,151</u>
------------------------	---------------

Total deferred inflows of resources \$ 500,141

The City also has one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting as deferred inflows of resources. Accordingly, that item, unavailable revenues, is reported only in the governmental funds balance sheet. The City reports in the governmental funds \$1,296,610 as unavailable revenues in the Program Income Fund.

CITY OF LIVINGSTON

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019**

Note 11 – Post-Employment Health Care Benefits

Plan Description

For all employees employed by the City as of July 1, 1989 who retire from the City’s employment under the California Public Employee’s Retirement System (CalPERS) currently in effect other than disability retirement, the City will continue to pay the premiums for health and dental care coverage in an amount equal to the amount paid if the employee was still employed by the City.

In disability cases, dependent medical and dental coverage will continue until death of the retired employee or until dependents no longer are qualified as dependents under the current medical and dental plan.

Employees hired after July 1, 1989 (clerical and public works bargaining units only), shall enjoy City paid post-retirement health benefits as follows (a) employee must have been continuously employed by the City for twenty years (disruptions in service due to lay-offs are exempted), (b) post-retirement health insurance for employee only shall be limited to the actual cost of insurance, not to exceed \$300 per month, (c) disability retirement will be as if employee met the twenty year employment requirement described above and (d) at age sixty-five, Medicare shall become the retired employee’s primary insurance.

Employees Covered

Membership in the plan consisted of the following at June 30, 2018, the date of the latest actuarial valuation:

Summary of Plan Member Count	
Number of active plan members	49
Number of inactive plan members currently receiving benefits	10
Number of inactive plan members entitled but not receiving benefits	0

Contributions

The contribution requirements of plan members and the City are established and may be amended by the City. The City determines the required contributions using the Entry Age Normal Cost Method. The required contribution is based on projected pay-as-you-go financing requirements.

Long Term Expected Rate of Return

The expected long-term return on trust assets was derived from published information by CalPERS. CalPERS expectations are summarized in the chart below:

CERBT Strategy 1		Years 1-10	Years 11+
Asset Classification	Target Allocation	Expected Real Rate of Return*	Expected Real Rate of Return*
Global Equity	59%	4.80%	5.98%
Fixed Income	25%	1.10%	2.62%
Global Real Estate (REITs)	8%	3.20%	5.00%
Treasury Inflation Protected Securities	5%	0.25%	1.46%
Commodities	3%	1.50%	2.87%

Total 100%

* Real rates of return come from a geometric representation of returns that assume a general inflation rate of 2.00%

CITY OF LIVINGSTON

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019**

Note 11 – Post-Employment Health Care Benefits (continued)

Currently, CalPERS’ expected returns are split for years 1-10 and years 11 and thereafter. To derive the expected return for the City of Livingston, plan benefits were projected in each future year. Then applying the plan specific benefit payments to CalPERSs bifurcated return expectations, the single equivalent long term rate of return was determined to be 6.5%. This rate was used as the discount rate for liabilities for financial statement reporting.

Actuarial Assumptions

The City’s net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation date as of June 30, 2018.

Valuation Date	June 30, 2018
Funding Method	Entry Age Normal Cost, level of percent of pay
Asset Valuation Method	Market value of assets (\$0 as of the measurement date)
Long-term Return on Assets	6.5%, net of plan investment expenses and including inflation
Discount Rates	6.5% as of June 30, 2018 and June 30, 2017
Participant Valued	Only current active employees and retired participants and covered dependents are valued. No future entrants are considered in this valuation
Salary Increase	3.25% per year; since benefits do not depend on salary, this is used only to allocate the cost of benefits between service years
Assumed Wage Inflation	3.0% per year; used to determine amortization payments if developed on a level percent of pay basis
General Inflation Rate	2.75% per year
Mortality Improvement	2017 CalPERS Experience Study; Improvement using MW Scale 2018
Healthcare Trend	Medical plan premiums and claims costs by age are assumed to increase once each year. Increases over the prior year's levels are assumed to be effective on the dates shown below:
	Effective Jan 1, Premium Increase
	2019 Actual
	2020 7.00%
	2021 6.50%
	2022 6.00%
	2023 5.50%
	2024 & later 5.00%

CITY OF LIVINGSTON

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019**

Note 11 – Post-Employment Health Care Benefits (continued)

Discount Rate

The rate of return is based on a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance at 06/30/18	\$ 2,546,587	\$ -	\$ 2,546,587
Changes for the year:			
Service cost	19,403	-	19,403
Interest	161,816	-	161,816
Differences between expected and actual experience	93,101	-	93,101
Changes of assumptions	(28,792)	-	(28,792)
Contributions - employer	-	263,080	(263,080)
Net investment income	-	(256)	256
Benefit payments	(153,025)	(153,025)	-
Administrative expenses	-	(19)	19
Net changes	<u>92,503</u>	<u>109,780</u>	<u>(17,277)</u>
Balance at 06/30/19	<u>\$ 2,639,090</u>	<u>\$ 109,780</u>	<u>\$ 2,529,310</u>

The only assumption change reflected during this period is the change in the discount rates as required by GASB 75.

Sensitivity of the City’s Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the City, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower or 1 percentage-point higher than the current rate:

	1% Decrease (5.50%)	Discount Rate (6.50%)	1% Increase (7.50%)
Net OPEB liability	\$ 2,768,874	\$ 2,529,310	\$ 2,320,535

Sensitivity of the City’s Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the net OPEB liability of the City, as well as what the net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1 percentage-point lower or 1 percentage-point higher than the current rate:

	Current Trend -1%	Current Trend	Current Trend +1%
Net OPEB liability	\$ 2,284,126	\$ 2,529,310	\$ 2,829,043

Healthcare cost trend rate was assumed to start at 8.0% (effective January 1, 2009) and grade down to 5% for years 2025 and thereafter.

CITY OF LIVINGSTON

**NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019**

Note 11 – Post-Employment Health Care Benefits (continued)

OPEB Expense and Deferred Outflows/Inflows Related to OPEB

For the year ended June 30, 2019, the City recognized OPEB expense of \$184,328. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	\$ -	\$ 26,151
Differences between expected and actual experience	84,560	-
Net difference between projected and actual earnings	3,066	-
Deferred contributions	<u>302,272</u>	<u>-</u>
	<u>\$ 389,898</u>	<u>\$ 26,151</u>

The City will recognize the deferred contributions in the next fiscal year. In addition, future recognition of these deferred resources is shown below:

Year Ended	
<u>June 30:</u>	
2020	\$ 6,666
2021	6,666
2020	6,666
2023	6,668
2024	5,900
Thereafter	<u>28,909</u>
Total	<u>\$ 61,475</u>

Note 12 – Pension Plan

Plan Description - The City contributes to the California Public Employees' Retirement System (PERS), an agent multiple-employer public employee defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state statute and city ordinance. Copies of PERS' annual financial report may be obtained from their Executive Office - 400 P Street - Sacramento, CA 95814.

All full-time employees are eligible to participate in the Plan. Part-time employees appointed to a term of one year or longer and who work an average of 20 hours per week are also eligible to participate. Other part-time non-benefited hourly employees do not participate in the Plan. Related benefits vest after five years of service. Upon five years of service, employees who retire at or after age 55 are entitled to receive an annual retirement benefit.

CITY OF LIVINGSTON

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2019

Note 12 – Pension Plan (Continued)

Funding Policy – Management, clerical, and public works plan members in the Classic Miscellaneous Plan are required to contribute 6% of their covered salary, which is covered by the City. On behalf of Livingston Police Officers Association and Supervisory Unit Classic Safety and Miscellaneous plan members, the City contributes 2% of the 6%. PEPRA employees contribute their portion. The City is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The contribution requirements of plan members is established by State statute and the employer contribution is established and may be amended by PERS.

The Plans’ provisions and benefits in effect at June 30, 2019, are summarized as follows:

	<u>Miscellaneous</u>	<u>Safety</u>
	Prior to January 1, 2013	Prior to January 1, 2013
Hire Date		
Benefit Formula	2.0% at 55; maximum 2%	2.0% at 55; maximum 2%
	COLA	COLA
Benefit Vesting Schedule	5 years service	5 years service
Benefit Payments	monthly for life	monthly for life
Retirement Age	55	55
Monthly Benefits, as a % of Eligible Compensation	2.00%	2.00%
Required Employee Contribution Rates	7.00%	7.00%
Required Employer Contribution Rates	9.409%	13.640%
	 PEPRA	
	<u>Miscellaneous</u>	<u>PEPRA Safety</u>
	On or After January 1, 2013	On or After January 1, 2013
Hire Date		
Benefit Formula	2.0% at 62; maximum 2%	2.0% at 57; maximum 2%
	COLA	COLA
Benefit Vesting Schedule	5 years service	5 years service
Benefit Payments	monthly for life	monthly for life
Retirement Age	62	57
Monthly Benefits, as a % of Eligible Compensation	2.00%	2.00%
Required Employee Contribution Rates	6.25%	9.50%
Required Employer Contribution Rates	6.842%	10.020%

CITY OF LIVINGSTON

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2019

Note 12 – Pension Plan (Continued)

Contributions – Section 20814(c) of the California Public Employees’ Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2019, the contributions recognized as part of the pension expense is as follows:

Contributions – employer	\$ 686,189
Contributions – employee	\$ 253,607

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

As of June 30, 2018, the City reported net pension liabilities for its proportionate shares of the net pension liability of each Plan as follows:

	<u>Proportionate Share of Net Pension Liability</u>
Miscellaneous	\$3,723,031
Safety	\$1,954,629

The City’s net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2018, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017 rolled forward to June 30, 2018 using standard update procedures. The City’s proportion of the net pension liability was based on a projection of the City’s long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The City’s proportionate share of the net pension liability for each Plan as of June 30, 2018 and 2019 was as follows:

	<u>Miscellaneous</u>	<u>Safety</u>
Proportion – June 30, 2018	0.09687%	0.03236%
Proportion – June 30, 2019	0.09879%	0.03331%
Change – Increase/(Decrease)	0.00192%	0.00096%

For the year ended June 30, 2019, the City recognized pension expense of \$689,473. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

CITY OF LIVINGSTON

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019**

Note 12 – Pension Plan (Continued)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 686,189	\$ -
Change in employer's proportion	144,962	(35,034)
Difference between projected and actual contributions	-	(286,152)
Difference between expected and actual experience	184,844	(48,769)
Changes in assumptions	616,220	(104,021)
Net differences between projected and actual earnings	<u>31,640</u>	<u>-</u>
Total	<u>\$ 1,663,855</u>	<u>\$ (473,976)</u>

The \$686,189 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended <u>June 30</u>	
2020	\$ 446,664
2021	277,524
2022	(173,474)
2023	<u>(47,025)</u>
Total	<u>\$ 503,689</u>

Actuarial Methods and Assumptions – The collective total pension liability for the June 30, 2018 measurement period was determined by an actuarial valuation as of June 30, 2017, with update procedures used to roll forward the total pension liability to June 30, 2018. The collective total pension liability was based on the following assumptions:

CITY OF LIVINGSTON

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2019

Note 12 – Pension Plan (Continued)

Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Actuarial Cost Method	Entry-Age Normal Cost Method in accordance with the requirements of GASB Statement No. 68
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Payroll Growth	2.75%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table	Derived using CalPERS' Membership ¹ Date for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies

¹ The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

All other actuarial assumptions used in the June 30, 2017 valuation was based on the results of an December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015), including updates to salary increase, mortality and retirement rates. The Experience Study can be obtained at CalPERS' website.

CITY OF LIVINGSTON

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2019

Note 12 – Pension Plan (Continued)

Change of assumptions – In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate.

Discount rate – The discount rate used to measure the total pension liability for PERF C was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected rate of returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The long-term expected real rates of return by asset class can be found in CalPERS' Comprehensive Annual Financial Report for the fiscal year ended June 30, 2018.

CITY OF LIVINGSTON

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2019

Note 12 – Pension Plan (Continued)

The table below reflects long-term expected real rates of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. The geometric rates of return are net of administrative expenses.

Asset Class ¹	New Strategic Allocation	Real Return Years 1-10 ²	Real Return Years 11+ ³
Global Equity	50%	4.80%	5.98%
Fixed Income	28%	1.00%	2.62%
Inflation Assets	0%	0.77%	1.81%
Private Equity	8%	6.30%	7.23%
Real Estate	13%	3.75%	4.93%
Liquidity	1%	0.00%	-0.92%
Total	100%		

¹ In the System’s CAFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities

² An expected inflation of 2.0% used for this period

³ An expected inflation of 2.92% used for this period

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

The following presents the City’s proportionate share of the net pension liability for each Plan, calculating using the discount rate of each Plan, 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 (6.15%) or 1-percentage point higher (8.15%) than the current rate:

	Current		
	1% Decrease (6.15%)	Discount Rate (7.15%)	1% Increase (8.15%)
Miscellaneous	\$ 5,838,607	\$ 3,723,031	\$ 1,976,658
Safety	\$ 3,162,821	\$ 1,954,629	\$ 964,730

Pension Plan Fiduciary Net Position – Detailed information about each pension plan’s fiduciary net position is available in the separately issued CalPERS financial reports.

Payable to the Pension Plan

At June 30, 2019, the City has no outstanding amount of contributions to the pension plan required for the year ended June 30, 2019.

CITY OF LIVINGSTON

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2019

Note 13 – Risk Management

The City participates with other public entities in a joint venture under a joint powers agreement which establishes the Central San Joaquin Valley Risk Management Authority (CSJVRMA). The relationship between the City and CSJVRMA is such that CSJVRMA is not a component unit of the City for financial reporting purposes.

The CSJVRMA is a consortium of cities in the San Joaquin Valley, California. It was established under the provisions of California Government Code Section 6500, et. seq. The CSJVRMA is governed by a Board of Directors, which meets three to four times each year, consisting of one member appointed by each member city. The day-to-day business is handled by a management group employed by the CSJVRMA. The financial statements of CSJVRMA can be obtained at 1750 Creekside Oaks Drive, Suite 200, Sacramento, CA 95833.

Each member government pays a primary deposit to cover estimated losses for a fiscal year (claims year). Six months after the close of a fiscal year, outstanding claims are valued. A retrospective deposit computation is then made for each open claims year. Costs are spread to members as follows: the first \$25,000 of each occurrence is charged directly to the member. Each member maintains a \$1,000,000 self-insured retention (SIR) amount covered by the Authority pooled investments. The Authority purchases excess liability coverage through the California Affiliated Risk Management Authority for the amount in excess of \$1,000,000. Reinsurance coverage is purchased by the Authority through American Reinsurance for the amount in excess of \$1,000,000 up to \$9,000,000 at 25% quota share. The City purchases Workers Compensation insurance through the Authority. The City maintains a \$350,000 SIR with the Authority. Excess coverage is purchased by the Authority through Continental Casualty for up to \$5,000,000 per accident in excess of the SIR. The City also purchases various property coverage programs. Deductibles and limits per property type can be obtained from the City Manager or directly from the Authority.

The latest audited financial information and the most current information available for CSJVRMA for fiscal year ended June 30, 2018 is as follows:

Total assets	\$ 110,234,633
Total liabilities	<u>92,209,231</u>
Net position	<u>\$ 18,025,402</u>
Total revenues	\$ 46,669,852
Total expenses	<u>46,619,021</u>
Increase/(decrease) in net position	<u>\$ 50,831</u>

CITY OF LIVINGSTON

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2019

Note 14 - Contingent Liabilities

The City participates in a number of Federal and State assisted grant programs which are subject to financial and compliance audits. Audits for these programs and the respective findings are to be determined at a future date, and the City expects the amount, if any, of the expenditures which may be disallowed by the granting agency to be immaterial.

The City is a defendant in various lawsuits and claims. The City attorney anticipates that actual or potential claims against the City, not covered by insurance, would not materially affect the financial position of the City.

Note 15 – Subsequent Events

The City evaluated subsequent events for recognition and disclosure through February 12, 2020, the date which these financial statements were available to be issued. Management concluded that no material subsequent events have occurred since June 30, 2019 that required recognition or disclosure in such financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF LIVINGSTON

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2019**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive/ (Negative)
	Original	Final		
Revenue				
Taxes	\$ 4,827,976	\$ 4,944,431	\$ 5,045,285	\$ 100,854
Licenses and permits	860,980	712,480	413,846	(298,634)
Intergovernmental	237,570	573,715	641,220	67,505
Charges for services	479,011	442,411	324,789	(117,622)
Fines and forfeitures	31,550	42,550	77,808	35,258
Investment income	333,900	76,000	97,731	21,731
Other	86,800	66,200	230,390	164,190
Total revenue	<u>6,857,787</u>	<u>6,857,787</u>	<u>6,831,069</u>	<u>(26,718)</u>
Expenditures				
Current				
General government	1,115,703	1,113,332	865,191	248,141
Parks and community services	873,542	851,389	955,017	(103,628)
Public safety	3,477,855	3,475,889	3,389,789	86,100
Public works	389,339	467,726	460,045	7,681
Planning and community development	893,936	893,918	735,508	158,410
Capital outlay	-	286,479	16,193	270,286
Total expenditures	<u>6,750,375</u>	<u>7,088,732</u>	<u>6,421,743</u>	<u>666,989</u>
Revenue over (under) expenditures	107,412	(230,945)	409,326	640,271
Other Financing Sources/(Uses)				
Sale of asset	260,000	260,000	-	(260,000)
Transfer in/(out)	(80,115)	(80,115)	(22,425)	57,690
Total other financing sources/(uses)	<u>179,885</u>	<u>179,885</u>	<u>(22,425)</u>	<u>(202,310)</u>
Net Change in Fund Balance	<u>\$ 287,297</u>	<u>\$ (51,061)</u>	386,901	<u>\$ 640,271</u>
Fund Balance				
Beginning of year			<u>3,152,774</u>	
End of year			<u>\$ 3,539,675</u>	

CITY OF LIVINGSTON

**BUDGETARY COMPARISON SCHEDULE
MAINTENANCE DISTRICTS FUND
YEAR ENDED JUNE 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		<u>Positive/ (Negative)</u>
Revenue				
Intergovernmental	\$ -	\$ -	\$ 2,672	\$ 2,672
Maintenance assessments	1,425,425	1,425,425	1,453,808	28,383
Investment income	13,375	13,375	40,470	27,095
Other	-	-	361	361
Total revenue	<u>1,438,800</u>	<u>1,438,800</u>	<u>1,497,311</u>	<u>58,511</u>
Expenditures				
Current				
Public works	2,210,650	2,269,023	1,122,526	1,146,497
Capital outlay	<u>125,322</u>	<u>64,639</u>	<u>108,140</u>	<u>(43,501)</u>
Total expenditures	<u>2,335,972</u>	<u>2,333,662</u>	<u>1,230,666</u>	<u>1,102,996</u>
Revenue over (under) expenditures	(897,172)	(894,862)	266,645	1,161,507
Other Financing Sources/(Uses)				
Transfer in/(out)	<u>32,295</u>	<u>32,295</u>	<u>180,861</u>	<u>148,566</u>
Total other financing sources/(uses)	<u>32,295</u>	<u>32,295</u>	<u>180,861</u>	<u>148,566</u>
Net Change in Fund Balance	<u>\$ (864,877)</u>	<u>\$ (862,567)</u>	447,506	<u>\$ 1,310,073</u>
Fund Balance				
Beginning of year			<u>1,634,177</u>	
End of year			<u>\$ 2,081,683</u>	

CITY OF LIVINGSTON

**BUDGETARY COMPARISON SCHEDULE
PROGRAM INCOME FUND
YEAR ENDED JUNE 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive/ (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenue				
Loan repayments	\$ -	\$ -	\$ 130,285	\$ 130,285
Investment income	-	-	8,391	8,391
Total revenue	-	-	138,676	138,676
Expenditures				
Current				
Planning and community development	300	138,317	69,241	69,076
Total expenditures	300	138,317	69,241	69,076
Revenue over (under) expenditures	(300)	(138,317)	69,435	207,752
Other Financing Sources/(Uses)				
Transfer in/(out)	-	-	(2,290)	(2,290)
Total other financing sources/(uses)	-	-	(2,290)	(2,290)
Net Change in Fund Balance	<u>\$ (300)</u>	<u>\$ (138,317)</u>	67,145	<u>\$ 205,462</u>
Fund Balance				
Beginning of year			29,094	
End of year			<u>\$ 96,239</u>	

CITY OF LIVINGSTON

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF NET PENSION LIABILITY LAST 10 YEARS* YEAR ENDED JUNE 30, 2019

	Miscellaneous				
	2015	2016	2017	2018	2019
Proportion of the net pension liability	0.03960%	0.09348%	0.09502%	0.09687%	0.09879%
Proportionate share of the net pension liability	\$ 2,464,138	\$ 2,564,162	\$ 3,300,933	\$ 3,818,551	\$ 3,723,031
Covered - employee payroll	\$ 1,803,899	\$ 1,685,745	\$ 1,688,533	\$ 1,982,411	\$ 2,375,780
Proportionate share of the net pension liability as a percentage of covered-employee payroll	136.60%	152.11%	195.49%	192.62%	156.71%
Plan's fiduciary net position	\$ 9,846,425	\$ 9,979,680	\$ 9,935,994	\$ 10,783,736	\$ 11,916,488
Plan's fiduciary net position as a percentage of the Total Pension Liability	79.98%	79.56%	75.06%	73.85%	76.19%

	Safety				
	2015	2016	2017	2018	2019
Proportion of the net pension liability	0.02230%	0.02793%	0.03184%	0.03236%	0.03331%
Proportionate share of the net pension liability	\$ 1,387,572	\$ 1,150,641	\$ 1,649,184	\$ 1,933,287	\$ 1,954,629
Covered - employee payroll	\$ 892,349	\$ 951,670	\$ 1,086,467	\$ 1,184,979	\$ 1,383,595
Proportionate share of the net pension liability as a percentage of covered-employee payroll	155.50%	120.91%	151.79%	163.15%	141.27%
Plan's fiduciary net position	\$ 5,699,175	\$ 5,975,667	\$ 6,088,912	\$ 6,706,478	\$ 6,809,513
Plan's fiduciary net position as a percentage of the Total Pension Liability	80.42%	83.85%	78.69%	77.62%	77.70%

*Fiscal year 2014-15 was the first year of implementation, therefore only five years are shown.

Changes of Assumptions: No changes in assumptions.

CITY OF LIVINGSTON

SCHEDULE OF CONTRIBUTIONS

LAST 10 YEARS*

YEAR ENDED JUNE 30, 2019

	Miscellaneous				
	2015	2016	2017	2018	2019
Contractually required contribution (actuarially determined)	\$ 195,635	\$ 182,947	\$ 267,382	\$ 300,757	\$ 271,882
Contributions in relation to the actuarially determined contributions	<u>(195,635)</u>	<u>(182,947)</u>	<u>(267,382)</u>	<u>(300,757)</u>	<u>(271,882)</u>
Contributions deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 1,803,899	\$ 1,685,745	\$ 1,688,533	\$ 1,982,411	\$ 2,375,780
Contributions as a percentage of covered-employee payroll	10.85%	10.85%	15.84%	15.17%	11.44%
	Safety				
	2015	2016	2017	2018	2019
Contractually required contribution (actuarially determined)	\$ 141,280	\$ 143,311	\$ 183,062	\$ 201,625	\$ 252,298
Contributions in relation to the actuarially determined contributions	<u>(141,280)</u>	<u>(143,311)</u>	<u>(183,062)</u>	<u>(201,625)</u>	<u>(252,298)</u>
Contributions deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 892,349	\$ 951,670	\$ 1,086,467	\$ 1,184,979	\$ 1,383,595
Contributions as a percentage of covered-employee payroll	15.83%	15.06%	16.85%	17.02%	18.23%

*Fiscal year 2014-15 was the first year of implementation, therefore only five years are shown.

SUPPLEMENTAL ONLY INFORMATION

CITY OF LIVINGSTON

COMBINING BALANCE SHEET NON-MAJOR GOVERNMENTAL FUNDS JUNE 30, 2019

	Special Revenue Funds	Capital Projects Funds	Totals
ASSETS			
Cash and investments	\$ 1,744,846	\$ 2,392,483	\$ 4,137,329
Accounts and interest receivable	4,517	155,960	160,477
Due from other governments	402,672	8,849	411,521
Total assets	<u>\$ 2,152,035</u>	<u>\$ 2,557,292</u>	<u>\$ 4,709,327</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE			
Liabilities			
Accounts payable	\$ 55,967	\$ 17,302	\$ 73,269
Accrued expenses	17,302	-	17,302
Total liabilities	<u>73,269</u>	<u>17,302</u>	<u>90,571</u>
Fund Balance			
Restricted			
Capital improvement projects	-	2,539,990	2,539,990
Circulation improvements	1,847,198	-	1,847,198
Public safety programs	231,568	-	231,568
Unassigned	-	-	-
Total fund balance	<u>2,078,766</u>	<u>2,539,990</u>	<u>4,618,756</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 2,152,035</u>	<u>\$ 2,557,292</u>	<u>\$ 4,709,327</u>

CITY OF LIVINGSTON

**COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2019**

	Special Revenue Funds	Capital Projects Funds	Totals
Revenue			
Intergovernmental	\$ 1,457,669	\$ 39,077	\$ 1,496,746
Development impact fees	-	524,266	524,266
Interest income	15,460	31,623	47,083
Other	3,603	-	3,603
Total revenue	<u>1,476,732</u>	<u>594,966</u>	<u>2,071,698</u>
Expenditures			
Current			
Parks and community services	-	6,350	6,350
Public safety	139,192	-	139,192
Public works	592,943	20,564	613,507
Planning and community development	-	104,804	104,804
Capital outlay	-	232,911	232,911
Total expenditures	<u>732,135</u>	<u>364,629</u>	<u>1,096,764</u>
Revenue over/(under) expenditures	744,597	230,337	974,934
Other Financing Sources/(Uses)			
Sale of assets	-	250,675	250,675
Transfer in/(out)	72,963	(80,543)	(7,580)
Total other financing sources/(uses)	<u>72,963</u>	<u>170,132</u>	<u>243,095</u>
Change in Fund Balance	817,560	400,469	1,218,029
Fund Balance			
Beginning of year	1,261,206	2,139,521	3,400,727
End of year	<u>\$ 2,078,766</u>	<u>\$ 2,539,990</u>	<u>\$ 4,618,756</u>

CITY OF LIVINGSTON

COMBINING BALANCE SHEET NON-MAJOR SPECIAL REVENUE FUNDS YEAR ENDED JUNE 30, 2019

	Public Safety	RSTP	Local Transportation	Gas Tax	SB-1	Measure V	Abandoned Vehicle Abatement	Total
ASSETS								
Cash and investments	\$ 73,308	\$ 297,213	\$ 175,228	\$ 164,705	\$ 297,580	\$ 634,020	\$ 102,792	\$ 1,744,846
Accounts and interest receivable	192	2,447	322	560	-	996	-	4,517
Due from other governments	56,008	166,380	13,085	-	46,893	113,363	6,943	402,672
Total assets	<u>\$ 129,508</u>	<u>\$ 466,040</u>	<u>\$ 188,635</u>	<u>\$ 165,265</u>	<u>\$ 344,473</u>	<u>\$ 748,379</u>	<u>\$ 109,735</u>	<u>\$ 2,152,035</u>
LIABILITIES AND FUND BALANCE								
Liabilities								
Accounts payable	5,502	-	15,910	18,147	-	16,408	-	55,967
Accrued expenses	2,173	-	-	12,292	-	2,837	-	17,302
Total liabilities	<u>7,675</u>	<u>-</u>	<u>15,910</u>	<u>30,439</u>	<u>-</u>	<u>19,245</u>	<u>-</u>	<u>73,269</u>
Fund Balance								
Restricted								
Circulation improvements	-	466,040	172,725	134,826	344,473	729,134	-	1,847,198
Public safety programs	121,833	-	-	-	-	-	109,735	231,568
Total fund balance	<u>121,833</u>	<u>466,040</u>	<u>172,725</u>	<u>134,826</u>	<u>344,473</u>	<u>729,134</u>	<u>109,735</u>	<u>2,078,766</u>
Total liabilities and fund balance	<u>\$ 129,508</u>	<u>\$ 466,040</u>	<u>\$ 188,635</u>	<u>\$ 165,265</u>	<u>\$ 344,473</u>	<u>\$ 748,379</u>	<u>\$ 109,735</u>	<u>\$ 2,152,035</u>

CITY OF LIVINGSTON

COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE NON-MAJOR SPECIAL REVENUE FUNDS YEAR ENDED JUNE 30, 2019

	Public Safety	RSTP	Local Transportation	Gas Tax	SB-1	Measure V	Abandoned Vehicle Abatement	Total
Revenue								
Intergovernmental	\$ 204,815	\$ 166,380	\$ 52,338	\$ 283,813	\$ 280,182	\$ 446,364	\$ 23,777	\$ 1,457,669
Interest	1,080	9,056	1,488	149	-	3,687	-	15,460
Other	-	-	-	3,603	-	-	-	3,603
Total revenue	<u>205,895</u>	<u>175,436</u>	<u>53,826</u>	<u>287,565</u>	<u>280,182</u>	<u>450,051</u>	<u>23,777</u>	<u>1,476,732</u>
Expenditures								
Current								
Public safety	132,214	-	-	-	-	-	6,978	139,192
Public works	<u>145</u>	<u>1,138</u>	<u>41,101</u>	<u>434,927</u>	<u>-</u>	<u>115,632</u>	<u>-</u>	<u>592,943</u>
Total expenditures	<u>132,359</u>	<u>1,138</u>	<u>41,101</u>	<u>434,927</u>	<u>-</u>	<u>115,632</u>	<u>6,978</u>	<u>732,135</u>
Revenue over (under) expenditures	73,536	174,298	12,725	(147,362)	280,182	334,419	16,799	744,597
Other financing sources/(uses)								
Transfer in/(out)	-	(75,436)	-	148,399	-	-	-	72,963
Total other financing sources/(uses)	<u>-</u>	<u>(75,436)</u>	<u>-</u>	<u>148,399</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>72,963</u>
Change in Fund Balance	73,536	98,862	12,725	1,037	280,182	334,419	16,799	817,560
Fund Balance								
Beginning of year	<u>48,297</u>	<u>367,178</u>	<u>160,000</u>	<u>133,789</u>	<u>64,291</u>	<u>394,715</u>	<u>92,936</u>	<u>1,261,206</u>
End of year	<u>\$ 121,833</u>	<u>\$ 466,040</u>	<u>\$ 172,725</u>	<u>\$ 134,826</u>	<u>\$ 344,473</u>	<u>\$ 729,134</u>	<u>\$ 109,735</u>	<u>\$ 2,078,766</u>

CITY OF LIVINGSTON

**COMBINING BALANCE SHEET
NON-MAJOR CAPITAL PROJECTS FUNDS
YEAR ENDED JUNE 30, 2019**

	Park Impact Fees	Police Impact Fees	Fire Impact Fees	General Plan Impact Fees	Municipal Facilities Impact Fees
ASSETS					
Cash and investments	\$ 47,759	\$ 180,157	\$ 241,507	\$ 298,101	\$ 907,744
Accounts and interest receivable	-	-	1,986	-	3,997
Due from other governments	-	-	-	-	-
Total assets	<u>\$ 47,759</u>	<u>\$ 180,157</u>	<u>\$ 243,493</u>	<u>\$ 298,101</u>	<u>\$ 911,741</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE					
Liabilities					
Accounts payable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,563</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,563</u>
Fund Balance					
Restricted					
Capital improvement projects	47,759	180,157	243,493	298,101	906,178
Unassigned	-	-	-	-	-
Total fund balance	<u>47,759</u>	<u>180,157</u>	<u>243,493</u>	<u>298,101</u>	<u>906,178</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 47,759</u>	<u>\$ 180,157</u>	<u>\$ 243,493</u>	<u>\$ 298,101</u>	<u>\$ 911,741</u>

CITY OF LIVINGSTON

**COMBINING BALANCE SHEET
NON-MAJOR CAPITAL PROJECTS FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2019**

	Amenities Impact fees	Streets & Storm Drain Impact Fees	Developer Projects	Capital Projects	Total
ASSETS					
Cash and investments	\$ 21,707	\$ 374,564	\$ -	\$ 320,944	\$ 2,392,483
Accounts and interest receivable	-	149,977	-	-	155,960
Due from other governments	-	-	-	8,849	8,849
Total assets	<u>\$ 21,707</u>	<u>\$ 524,541</u>	<u>\$ -</u>	<u>\$ 329,793</u>	<u>\$ 2,557,292</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE					
Liabilities					
Accounts payable and accrued expense	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,739</u>	<u>\$ 17,302</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,739</u>	<u>17,302</u>
Fund Balance					
Restricted					
Capital improvement projects	21,707	524,541	-	318,054	2,539,990
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balance	<u>21,707</u>	<u>524,541</u>	<u>-</u>	<u>318,054</u>	<u>2,539,990</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 21,707</u>	<u>\$ 524,541</u>	<u>\$ -</u>	<u>\$ 329,793</u>	<u>\$ 2,557,292</u>

CITY OF LIVINGSTON

COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE NON-MAJOR CAPITAL PROJECTS FUNDS YEAR ENDED JUNE 30, 2019

	<u>Park Impact Fees</u>	<u>Police Impact Fees</u>	<u>Fire Impact Fees</u>	<u>General Plan Impact Fees</u>	<u>Municipal Facilities Impact Fees</u>
Revenue					
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -
Development impact fees	26,674	65,941	38,636	105,499	140,016
Investment income	432	-	7,351	-	15,226
Total revenue	<u>27,106</u>	<u>65,941</u>	<u>45,987</u>	<u>105,499</u>	<u>155,242</u>
Expenditures					
Current					
Parks and community services	-	-	-	-	-
Public works	-	-	-	-	-
Planning and community development	7,161	10,696	-	3,223	45,329
Capital outlay	6,655	-	226,256	-	-
Total expenditures	<u>13,816</u>	<u>10,696</u>	<u>226,256</u>	<u>3,223</u>	<u>45,329</u>
Revenue over (under) expenditures	13,290	55,245	(180,269)	102,276	109,913
Other financing sources/(uses)					
Sale of assets	-	-	-	-	-
Transfer in/(out)	-	22,602	16,144	-	60,541
Total other financing sources/(uses)	<u>-</u>	<u>22,602</u>	<u>16,144</u>	<u>-</u>	<u>60,541</u>
Change in Fund Balance	13,290	77,847	(164,125)	102,276	170,454
Fund Balance					
Beginning of year	34,469	102,310	407,618	195,825	735,724
End of year	<u>\$ 47,759</u>	<u>\$ 180,157</u>	<u>\$ 243,493</u>	<u>\$ 298,101</u>	<u>\$ 906,178</u>

CITY OF LIVINGSTON

**COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
NON-MAJOR CAPITAL PROJECT FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2019**

	Amenities Impact Fees	Streets & Storm Drain Impact Fees	Developer Projects	Capital Projects	Total
Revenue					
Intergovernmental	\$ -	\$ -	\$ -	\$ 39,077	\$ 39,077
Development impact fees	-	147,500	-	-	524,266
Investment income	-	4,957	3,657	-	31,623
Total revenue	-	152,457	3,657	39,077	594,966
Expenditures					
Current					
Parks and community services	6,350	-	-	-	6,350
Public works	-	-	-	20,564	20,564
Planning and community development	-	34,313	4,082	-	104,804
Capital outlay	-	-	-	-	232,911
Total expenditures	6,350	34,313	4,082	20,564	364,629
Revenue over (under) expenditures	(6,350)	118,144	(425)	18,513	230,337
Other financing sources/(uses)					
Sale of assets	-	-	-	250,675	250,675
Transfer in/(out)	-	-	(230,054)	50,224	(80,543)
Total other financing sources/(uses)	-	-	(230,054)	300,899	170,132
Change in Fund Balance	(6,350)	118,144	(230,479)	319,412	400,469
Fund Balance					
Beginning of year	28,057	406,397	230,479	(1,358)	2,139,521
End of year	\$ 21,707	\$ 524,541	\$ -	\$ 318,054	\$ 2,539,990

CITY OF LIVINGSTON

SCHEDULE OF NET REVENUE AVAILABLE FOR DEBT SERVICE YEAR ENDED JUNE 30, 2019

	<u>Domestic Waste Water</u>
OPERATING REVENUES	
Charges for Services	\$ 2,182,325
Other Income	<u>102,311</u>
Total Operating Revenues	<u>2,284,636</u>
OPERATING EXPENSES	
Contract Services and Utilities	355,600
Personnel Costs	596,523
Supplies and Materials	<u>345,652</u>
Total Operating Expenses	<u>1,297,775</u>
Net Revenue	986,861
NON-OPERATING REVENUES/EXPENSES	
Development impact fees	167,766
Investment income	<u>25,482</u>
Net Non-operating Revenues (Expenses)	<u>193,248</u>
Net Revenue Available for Debt Service	<u>\$ 1,180,109</u>
PARITY OBLIGATION DEBT SERVICE	
2016A Sewer Refunding Bond Debt Service	<u>\$ 448,450</u>
PARITY OBLIGATION DEBT SERVICE RATE COVENANT COVERAGE	2.63

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

To the Honorable Mayor and City Council
City of Livingston, California

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, each major fund, and the aggregate remaining fund information of the City of Livingston, California, (the "City") as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise City's basic financial statements, and have issued our report thereon dated February 12, 2020.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 City'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.



February 12, 2020

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY UNIFORM GUIDANCE

To the Honorable Mayor and City Council
City of Livingston, California

Report on Compliance for Each Major Federal Program

We have audited the City of Livingston's (the City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the City's major federal program for the year ended June 30, 2019. The City's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

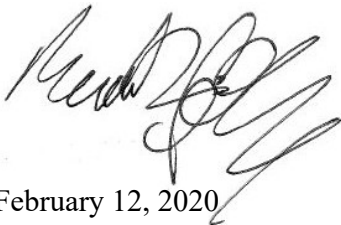
Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

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

A handwritten signature in black ink, appearing to be 'Michael J. [unclear]', written in a cursive style.

February 12, 2020

CITY OF LIVINGSTON

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2019

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Agency or Pass-through Number</u>	<u>Federal Expenditures</u>
U.S. Department of Housing and Urban Development Passed through State Department of Housing and Community Development Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	16-CDBG-11142	\$ 1,213,820
Total U. S. Department of Housing and Urban Development			<u>1,213,820</u>
U.S. Department of Transportation Passed through State Department of Transportation Highway Planning and Construction	20.205	CML-5216(015)	17,950
Total U. S. Department of Transportation			<u>17,950</u>
<i>Total Federal Expenditures</i>			<u>\$ 1,231,770</u>

CITY OF LIVINGSTON

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2019

Note 1 – Significant Accounting Policies

The accompanying Schedule of Expenditures of Federal Awards (SEFA) presents the activity of all federal award programs of the City of Livingston, California (the City). Federal awards received directly from federal agencies as well as federal awards passed through other nonfederal agencies, primarily the State of California, are included in the SEFA. The City's reporting entity is defined in Note 1 to the City's basic financial statements.

Note 2 – Basis of Accounting

The accompanying SEFA is presented using the modified accrual basis of accounting for grants accounted for in the governmental fund types and the accrual basis of accounting for grants accounted for in the proprietary fund types, as described in Note 1 to the City's basic financial statements. The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in, or used in the preparation of, the SEFA may differ from amounts presented in the basic financial statements

Note 3 – Catalog of Federal Domestic Assistance (CFDA) Numbers

The CFDA numbers included in the accompanying SEFA were determined based on program name, review of grant contract information, and the Office of Management and Budget's Catalog of Federal Domestic Assistance.

Note 4 – Relationship to the Financial Statements

Expenditures of federal awards are reported in the City's basic financial statements as expenditures/expenses in the General Fund, nonmajor special revenue funds, nonmajor capital project funds, and the enterprise funds.

Note 5 – Indirect Cost Rate

The City did not elect to use the 10% de minimus cost rate as covered in 2 CFR §200.414.

CITY OF LIVINGSTON

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2018**

A. Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

- Material weaknesses identified? Yes No
- Significant deficiencies identified? Yes None reported
- Non-compliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

- Material weaknesses identified? Yes No
- Significant deficiencies identified? Yes None reported

Type of auditor’s report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes No

Identification of Major Programs

CFDA Number	Name of Federal Program or Cluster
14.228	Community Development Block Grants/State’s program and Non-Entitlement Grants in Hawaii

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? Yes No

B. Findings – Financial Statements Audit

None noted.

C. Findings and Questioned Costs – Major Federal Award Programs Audit

None noted.

CITY OF LIVINGSTON

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS YEAR ENDED JUNE 30, 2019

Summary Schedule of Prior Audit Findings

There were no prior year audit findings.