



# CITY OF LIVINGSTON, CALIFORNIA

JUNE 30, 2022

INDEPENDENT AUDITORS' REPORT  
AND FINANCIAL STATEMENTS

Focused  
on YOU



**CITY OF LIVINGSTON, CALIFORNIA**  
**INDEPENDENT AUDITORS' REPORT AND**  
**FINANCIAL STATEMENTS**  
**FISCAL YEAR ENDED JUNE 30, 2022**

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CITY OF LIVINGSTON, CALIFORNIA  
 INDEPENDENT AUDITORS' REPORT AND  
 FINANCIAL STATEMENTS

FISCAL YEAR JUNE 30, 2022

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## INDEPENDENT AUDITORS' REPORT

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

### Report on the Financial Statements

#### **Opinions**

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

In our opinion, the 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 as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinions**

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

#### **Emphasis of Matter**

##### *Change in Accounting Principle*

As described in Note 1 to the financial statements, in the fiscal year ended June 30, 2022, the City adopted new accounting guidance, GASB Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

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

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



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City of Livingston, California

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

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

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

### ***Other Reporting Responsibilities***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the budgetary comparison schedules for the general fund and major special revenue funds, and the required pension and other post-employment benefits (OPEB) schedules, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the



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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 opinions on the basic financial statements are 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 and individual fund financial statements and schedules (supplementary information) are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects in relation to the basic financial statements as a whole.

#### *Other Information*

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

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





To the Honorable Mayor and Members of the City Council  
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**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 11, 2024, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*Lance, Soll & Lingham, LLP*

Sacramento, California  
March 11, 2024

CITY OF LIVINGSTON

STATEMENT OF NET POSITION  
JUNE 30, 2022

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Cash and investments	\$ 14,676,909	\$ 16,899,159	\$ 31,576,068
Receivables:			
Accounts (net of allowance for uncollectibles)	2,136,810	1,257,438	3,394,248
Notes and loans	820,547	-	820,547
Due from other governments	1,137,084	38,113	1,175,197
Restricted assets:			
Cash with fiscal agent	53,148	125,698	178,846
Capital assets not being depreciated/amortized	8,425,699	6,505,304	14,931,003
Capital assets, net of depreciation/amortization	12,647,942	25,413,231	38,061,173
<b>Total Assets</b>	<b>39,898,139</b>	<b>50,238,943</b>	<b>90,137,082</b>
<b>Deferred Outflows of Resources</b>			
Deferred charge on refunding	-	44,809	44,809
Deferred pension outflows	1,548,436	204,256	1,752,692
Deferred OPEB outflows	517,752	162,607	680,359
<b>Total Deferred Outflows of Resources</b>	<b>2,066,188</b>	<b>411,672</b>	<b>2,477,860</b>
<b>Liabilities</b>			
Accounts payable	348,254	661,314	1,009,568
Accrued expenses	99,612	24,233	123,845
Accrued interest	30,565	125,683	156,248
Deposits payable	639,616	88,169	727,785
Unearned revenue	1,423,152	-	1,423,152
Noncurrent liabilities:			
Due within one year:			
Compensated absences	44,691	12,830	57,521
Bonds, loans, leases, financed purchases	142,228	409,926	552,154
Due in more than one year:			
Compensated absences	402,218	115,467	517,685
Bonds, loans, leases, financed purchases	1,887,897	11,291,616	13,179,513
Net pension liability	3,034,508	595,491	3,629,999
Net OPEB liability	1,595,379	501,045	2,096,424
<b>Total Liabilities</b>	<b>9,648,120</b>	<b>13,825,774</b>	<b>23,473,894</b>
<b>Deferred Inflows of Resources</b>			
Deferred pension inflows	2,556,015	558,869	3,114,884
Deferred OPEB inflows	411,082	129,093	540,175
<b>Total Deferred Inflows of Resources</b>	<b>2,967,097</b>	<b>687,962</b>	<b>3,655,059</b>
<b>Net Position</b>			
Net investment in capital assets	19,066,099	20,387,500	39,453,599
Restricted for:			
Capital improvement projects	3,347,493	10,178,457	13,525,950
Circulation improvement projects	3,568,315	-	3,568,315
Lighting, landscape & park maintenance	3,173,454	-	3,173,454
Public safety programs	269,960	-	269,960
Low-income housing activities	453,543	-	453,543
Debt service	-	78,778	78,778
Business development	355,249	-	355,249
Revenue stabilization	672,531	-	672,531
Unrestricted (deficit)	(1,557,534)	5,492,144	3,934,610
<b>Total Net Position</b>	<b>\$ 29,349,110</b>	<b>\$ 36,136,879</b>	<b>\$ 65,485,989</b>

CITY OF LIVINGSTON

STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2022

	Program Revenues			
	Expenses	Charges for Services	Operating Contributions and Grants	
<b>Functions/Programs</b>				
<b>Primary Government:</b>				
Governmental Activities:				
General government	\$ 1,782,708	\$ 87,531	\$ 258,756	\$ -
Public safety	3,598,425	57,317	454,330	-
Planning and community development	1,003,452	445,634	2,255,010	-
Parks and community services	826,140	250	598	-
Public works	2,357,528	76,552	1,736,252	1,827,341
Interest on long-term debt	87,102	-	-	-
<b>Total Governmental Activities</b>	<b>9,655,355</b>	<b>667,284</b>	<b>4,704,946</b>	<b>1,827,341</b>
Business-Type Activities:				
Water	3,067,834	4,452,272	-	-
Sanitation	1,828,358	1,635,220	31,282	-
Domestic Waste Water	2,536,794	2,452,950	-	-
Industrial Waste Water	600	6,174	-	-
<b>Total Business-Type Activities</b>	<b>7,433,586</b>	<b>8,546,616</b>	<b>31,282</b>	<b>-</b>
<b>Total Primary Government</b>	<b>\$ 17,088,941</b>	<b>\$ 9,213,900</b>	<b>\$ 4,736,228</b>	<b>\$ 1,827,341</b>

**General Revenues:**  
 Taxes:  
 Property taxes, levied for general purpose  
 Transient occupancy taxes  
 Sales taxes  
 Franchise taxes  
 Business licenses taxes  
 Use of money and property  
 Other

**Total General Revenues**

Change in Net Position

Net Position at Beginning of Year, as Restated

**Net Position at End of Year**

<b>Net (Expenses) Revenues and Changes in Net Position</b>		
<b>Primary Government</b>		
<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
\$ (1,436,421)	\$ -	\$ (1,436,421)
(3,086,778)	-	(3,086,778)
1,697,192	-	1,697,192
(825,292)	-	(825,292)
1,282,617	-	1,282,617
(87,102)	-	(87,102)
<b>(2,455,784)</b>	<b>-</b>	<b>(2,455,784)</b>
-	1,384,438	1,384,438
-	(161,856)	(161,856)
-	(83,844)	(83,844)
-	5,574	5,574
-	<b>1,144,312</b>	<b>1,144,312</b>
<b>(2,455,784)</b>	<b>1,144,312</b>	<b>(1,311,472)</b>
4,030,059	-	4,030,059
126,544	-	126,544
1,879,757	-	1,879,757
407,410	-	407,410
71,469	-	71,469
(97,926)	(125,157)	(223,083)
311,451	2,360,750	2,672,201
<b>6,728,764</b>	<b>2,235,593</b>	<b>8,964,357</b>
4,272,980	3,379,905	7,652,885
25,076,130	32,756,974	57,833,104
<b>\$ 29,349,110</b>	<b>\$ 36,136,879</b>	<b>\$ 65,485,989</b>

CITY OF LIVINGSTON

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2022

	Special Revenue Funds		
	General	Program Income	Maintenance Districts
<b>Assets</b>			
Cash and investments	\$ 4,756,873	\$ 310,454	\$ 3,616,498
Accounts and interest receivable	59,463	145,233	6,744
Due from other governments	591,612	-	17,828
Notes and loans receivable	616	819,931	-
Due from other funds	1,250,382	-	-
Restricted assets:			
Cash and investments with fiscal agents	-	-	-
<b>Total Assets</b>	<b>\$ 6,658,946</b>	<b>\$ 1,275,618</b>	<b>\$ 3,641,070</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>			
<b>Liabilities</b>			
Accounts payable	\$ 269,213	\$ 2,146	\$ 22,594
Accrued expenses	84,886	-	5,931
Unearned revenues	1,423,152	-	-
Deposits payable	200,525	-	439,091
Due to other funds	-	-	-
<b>Total Liabilities</b>	<b>1,977,776</b>	<b>2,146</b>	<b>467,616</b>
<b>Deferred Inflows of Resources</b>			
Unavailable revenues	-	819,929	-
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>819,929</b>	<b>-</b>
<b>Fund Balances</b>			
<b>Nonspendable:</b>			
Notes and loans receivable	616	-	-
<b>Restricted for:</b>			
Capital improvement projects	-	-	-
Circulation improvement projects	-	-	-
Lighting, landscape & park maintenance	-	-	3,173,454
Public safety programs	-	-	-
Low-income housing activities	-	453,543	-
Business development	355,249	-	-
Revenue stabilization	672,531	-	-
<b>Unassigned</b>	<b>3,652,774</b>	<b>-</b>	<b>-</b>
<b>Total Fund Balances</b>	<b>4,681,170</b>	<b>453,543</b>	<b>3,173,454</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 6,658,946</b>	<b>\$ 1,275,618</b>	<b>\$ 3,641,070</b>

CITY OF LIVINGSTON

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2022

	Capital Projects Fund		
	Capital Projects	Non-Major Governmental Funds	Total Governmental Funds
<b>Assets</b>			
Cash and investments	\$ (680)	\$ 5,993,764	\$ 14,676,909
Accounts and interest receivable	1,914,559	10,811	2,136,810
Due from other governments	81,005	446,639	1,137,084
Notes and loans receivable	-	-	820,547
Due from other funds	-	-	1,250,382
Restricted assets:			
Cash and investments with fiscal agents	53,148	-	53,148
<b>Total Assets</b>	<b>\$ 2,048,032</b>	<b>\$ 6,451,214</b>	<b>\$ 20,074,880</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>			
<b>Liabilities</b>			
Accounts payable	\$ 34,125	\$ 20,176	\$ 348,254
Accrued expenses	-	8,795	99,612
Unearned revenues	-	-	1,423,152
Deposits payable	-	-	639,616
Due to other funds	1,250,382	-	1,250,382
<b>Total Liabilities</b>	<b>1,284,507</b>	<b>28,971</b>	<b>3,761,016</b>
<b>Deferred Inflows of Resources</b>			
Unavailable revenues	-	-	819,929
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>-</b>	<b>819,929</b>
<b>Fund Balances</b>			
<b>Nonspendable:</b>			
Notes and loans receivable	-	-	616
<b>Restricted for:</b>			
Capital improvement projects	763,525	2,583,968	3,347,493
Circulation improvement projects	-	3,568,315	3,568,315
Lighting, landscape & park maintenance	-	-	3,173,454
Public safety programs	-	269,960	269,960
Low-income housing activities	-	-	453,543
Business development	-	-	355,249
Revenue stabilization	-	-	672,531
<b>Unassigned</b>	<b>-</b>	<b>-</b>	<b>3,652,774</b>
<b>Total Fund Balances</b>	<b>763,525</b>	<b>6,422,243</b>	<b>15,493,935</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 2,048,032</b>	<b>\$ 6,451,214</b>	<b>\$ 20,074,880</b>

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**CITY OF LIVINGSTON**

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2022**

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Fund balances of governmental funds		\$ 15,493,935
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets net of depreciation/amortization have not been included as financial resources in governmental fund activity.		21,073,641
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. The details of this \$7,137,486 difference is as follows:		
Financed purchases and other bond obligations	\$ (1,980,100)	
Accrued interest	(30,565)	
Net pension liability	(3,034,508)	
Net OPEB liability	(1,595,379)	
Leases	(50,025)	
Compensated absences	(446,909)	(7,137,486)
Deferred outflows related to the net pension liability	1,548,436	
Deferred inflows related to the net pension liability	(2,556,015)	
Deferred outflows related to the net OPEB liability	517,752	
Deferred inflows related to the net OPEB liability	(411,082)	(900,909)
Revenues reported as unavailable revenue in the governmental funds and recognized in the Statement of Activities. These are included in the intergovernmental revenues in the governmental fund activity.		819,929
<b>Net Position of Governmental Activities</b>		<b>\$ 29,349,110</b>



CITY OF LIVINGSTON

STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2022

	Special Revenue Funds		
	General	Program Income	Maintenance Districts
<b>Revenues</b>			
Taxes	\$ 6,515,239	\$ -	\$ -
Development impact fees	-	-	-
Licenses and permits	244,416	-	-
Intergovernmental	565,407	315,734	17,653
Charges for services	285,499	-	-
Use of money and property	(11,197)	7,404	(32,553)
Fines and forfeitures	39,230	-	-
Maintenance assessments	-	-	1,718,770
Other	236,882	32	54,776
<b>Total Revenues</b>	<b>7,875,476</b>	<b>323,170</b>	<b>1,758,646</b>
<b>Expenditures</b>			
Current:			
General government	1,071,973	-	-
Public safety	4,146,833	-	4,730
Planning and community development	805,611	211,850	-
Parks and community services	646,128	-	-
Public works	348,001	-	1,297,228
Capital outlay	238,760	-	71,992
Debt service:			
Principal retirement	134,907	-	-
Interest and fiscal charges	56,537	-	-
<b>Total Expenditures</b>	<b>7,448,750</b>	<b>211,850</b>	<b>1,373,950</b>
Excess revenue over expenditures	426,726	111,320	384,696
<b>Other Financing Sources (Uses)</b>			
Transfers in	-	-	-
Transfers out	(133,805)	-	-
Proceeds from leasing arrangements	31,251	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>(102,554)</b>	<b>-</b>	<b>-</b>
Net Change in Fund Balances	324,172	111,320	384,696
Fund Balances, Beginning of Year	4,356,998	342,223	2,788,758
<b>Fund Balances, End of Year</b>	<b>\$ 4,681,170</b>	<b>\$ 453,543</b>	<b>\$ 3,173,454</b>

CITY OF LIVINGSTON

STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2022

	<u>Capital Projects Fund</u>		<u>Total Governmental Funds</u>
	<u>Capital Projects</u>	<u>Non-Major Governmental Funds</u>	
<b>Revenues</b>			
Taxes	\$ -	\$ -	\$ 6,515,239
Development impact fees	-	34,954	34,954
Licenses and permits	-	-	244,416
Intergovernmental	2,554,875	1,722,963	5,176,632
Charges for services	-	-	285,499
Use of money and property	(5,478)	(56,102)	(97,926)
Fines and forfeitures	-	-	39,230
Maintenance assessments	-	-	1,718,770
Other	-	20,609	312,299
<b>Total Revenues</b>	<b><u>2,549,397</u></b>	<b><u>1,722,424</u></b>	<b><u>14,229,113</u></b>
<b>Expenditures</b>			
Current:			
General government	-	-	1,071,973
Public safety	-	178,330	4,329,893
Planning and community development	-	22,535	1,039,996
Parks and community services	-	-	646,128
Public works	-	465,613	2,110,842
Capital outlay	3,402,272	470,246	4,183,270
Debt service:			
Principal retirement	-	-	134,907
Interest and fiscal charges	-	-	56,537
<b>Total Expenditures</b>	<b><u>3,402,272</u></b>	<b><u>1,136,724</u></b>	<b><u>13,573,546</u></b>
Excess revenue over expenditures	(852,875)	585,700	655,567
<b>Other Financing Sources (Uses)</b>			
Transfers in	298,785	147,200	445,985
Transfers out	-	(312,180)	(445,985)
Proceeds from leasing arrangements	-	-	31,251
<b>Total Other Financing Sources (Uses)</b>	<b><u>298,785</u></b>	<b><u>(164,980)</u></b>	<b><u>31,251</u></b>
Net Change in Fund Balances	(554,090)	420,720	686,818
Fund Balances, Beginning of Year	1,317,615	6,001,523	14,807,117
<b>Fund Balances, End of Year</b>	<b><u>\$ 763,525</u></b>	<b><u>\$ 6,422,243</u></b>	<b><u>\$ 15,493,935</u></b>

**CITY OF LIVINGSTON**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2022**

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Net change in fund balances - total governmental funds		\$ 686,818
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the costs of those assets is allocated over their estimated useful lives as depreciation/amortization expense. This is the amount by which capital outlay exceeded exceeded depreciation/amortization in the current period.		
Capital outlay	\$ 3,697,297	
Depreciation/amortization	<u>(585,846)</u>	3,111,451
Bonds and other debt proceeds provide current financial resources to governmental funds but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of bond and other debt principal is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the Statement of Net Position.		
		103,656
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		
Compensated absences	97,353	
Accrued interest	(30,565)	
Changes in pension liabilities and related deferred outflows and inflows of resources	493,808	
Changes in OPEB liabilities and related deferred outflows and inflows of resources	<u>111,237</u>	671,833
Revenues reported as unavailable revenue in the governmental funds and recognized in the Statement of Activities. These are included in the intergovernmental revenues in the governmental fund activity.		
		<u>(300,778)</u>
<b>Change in Net Position of Governmental Activities</b>		<b><u><u>\$ 4,272,980</u></u></b>

CITY OF LIVINGSTON

STATEMENT OF NET POSITION  
 PROPRIETARY FUNDS  
 JUNE 30, 2022

	Business-Type Activities - Enterprise Funds				
	Water	Sanitation	Domestic Waste Water	Industrial Waste Water	Totals
<b>Assets</b>					
Current assets:					
Cash and investments	\$ 13,670,578	\$ 990,460	\$ 2,231,947	\$ 6,174	\$ 16,899,159
Accounts and interest receivable, net	538,817	188,378	530,243	-	1,257,438
Due from other governments	11,831	26,282	-	-	38,113
Restricted:					
Cash with fiscal agent	125,698	-	-	-	125,698
<b>Total Current Assets</b>	<b>14,346,924</b>	<b>1,205,120</b>	<b>2,762,190</b>	<b>6,174</b>	<b>18,320,408</b>
Noncurrent assets:					
Advances to other funds	1,269,129	-	-	-	1,269,129
Capital assets, net of depreciation/amortization	17,935,397	298,040	13,487,946	197,152	31,918,535
<b>Total Noncurrent Assets</b>	<b>19,204,526</b>	<b>298,040</b>	<b>13,487,946</b>	<b>197,152</b>	<b>33,187,664</b>
<b>Total Assets</b>	<b>33,551,450</b>	<b>1,503,160</b>	<b>16,250,136</b>	<b>203,326</b>	<b>51,508,072</b>
<b>Deferred Outflows of Resources</b>					
Deferred charge on refunding	-	-	44,809	-	44,809
Deferred pension outflows	102,128	25,532	76,596	-	204,256
Deferred OPEB outflows	80,827	21,908	59,872	-	162,607
<b>Total Deferred Outflows of Resources</b>	<b>182,955</b>	<b>47,440</b>	<b>181,277</b>	<b>-</b>	<b>411,672</b>
<b>Liabilities</b>					
Current liabilities:					
Accounts payable	128,019	321,582	211,713	-	661,314
Accrued liabilities	11,102	4,189	8,942	-	24,233
Accrued interest	47,477	-	78,206	-	125,683
Deposits payable	88,169	-	-	-	88,169
Compensated absences	6,008	1,880	4,942	-	12,830
Bonds, loans, leases, financed purchases	190,900	-	219,026	-	409,926
<b>Total Current Liabilities</b>	<b>471,675</b>	<b>327,651</b>	<b>522,829</b>	<b>-</b>	<b>1,322,155</b>
Noncurrent liabilities:					
Advances from other funds	-	-	-	1,269,129	1,269,129
Compensated absences	54,073	16,915	44,479	-	115,467
Bonds, loans, leases, financed purchases	4,772,112	-	6,519,504	-	11,291,616
Net pension liability	297,746	74,436	223,309	-	595,491
Net OPEB liability	249,055	67,505	184,485	-	501,045
<b>Total Noncurrent Liabilities</b>	<b>5,372,986</b>	<b>158,856</b>	<b>6,971,777</b>	<b>1,269,129</b>	<b>13,772,748</b>
<b>Total Liabilities</b>	<b>5,844,661</b>	<b>486,507</b>	<b>7,494,606</b>	<b>1,269,129</b>	<b>15,094,903</b>
<b>Deferred Inflows of Resources</b>					
Deferred pension inflows	279,434	69,859	209,576	-	558,869
Deferred OPEB inflows	64,173	17,394	47,526	-	129,093
<b>Total Deferred Inflows of Resources</b>	<b>343,607</b>	<b>87,253</b>	<b>257,102</b>	<b>-</b>	<b>687,962</b>
<b>Net Position</b>					
Net investment in capital assets	13,098,083	298,040	6,794,225	197,152	20,387,500
Restricted for capital improvements projects	4,228,061	29,434	5,920,962	-	10,178,457
Restricted for debt service	78,778	-	-	-	78,778
Unrestricted (deficit)	10,141,215	649,366	(4,035,482)	(1,262,955)	5,492,144
<b>Total Net Position</b>	<b>\$ 27,546,137</b>	<b>\$ 976,840</b>	<b>\$ 8,679,705</b>	<b>\$ (1,065,803)</b>	<b>\$ 36,136,879</b>

CITY OF LIVINGSTON

STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2022

	Business-Type Activities - Enterprise Funds				Totals
	Water	Sanitation	Domestic Waste Water	Industrial Waste Water	
<b>Operating Revenues</b>					
Charges for services	\$ 4,452,272	\$ 1,635,220	\$ 2,452,950	\$ 6,174	\$ 8,546,616
Other income	34,296	18,157	2,307,743	-	2,360,196
<b>Total Operating Revenues</b>	<b>4,486,568</b>	<b>1,653,377</b>	<b>4,760,693</b>	<b>6,174</b>	<b>10,906,812</b>
<b>Operating Expenses</b>					
Administration and general	909,202	284,554	763,152	-	1,956,908
Services and supplies	1,548,032	1,537,682	991,886	-	4,077,600
Depreciation expense	516,877	6,122	420,498	600	944,097
<b>Total Operating Expenses</b>	<b>2,974,111</b>	<b>1,828,358</b>	<b>2,175,536</b>	<b>600</b>	<b>6,978,605</b>
Operating income (loss)	1,512,457	(174,981)	2,585,157	5,574	3,928,207
<b>Nonoperating Revenues (Expenses)</b>					
Intergovernmental	-	31,282	-	-	31,282
Interest revenue (loss on fair market value)	(124,098)	(7,679)	6,620	-	(125,157)
Interest expense	(93,723)	-	(361,258)	-	(454,981)
Other non-operating 2	-	-	554	-	554
<b>Total Nonoperating Revenues (Expenses)</b>	<b>(217,821)</b>	<b>23,603</b>	<b>(354,084)</b>	<b>-</b>	<b>(548,302)</b>
Change in Net Position	1,294,636	(151,378)	2,231,073	5,574	3,379,905
<b>Net Position (Deficit)</b>					
Beginning of Year	26,251,501	1,128,218	6,448,632	(1,071,377)	32,756,974
<b>End of Year</b>	<b>\$ 27,546,137</b>	<b>\$ 976,840</b>	<b>\$ 8,679,705</b>	<b>\$ (1,065,803)</b>	<b>\$ 36,136,879</b>

## CITY OF LIVINGSTON

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2022

	Business-Type Activities - Enterprise Funds				Totals
	Water	Sanitation	Domestic Waste Water	Industrial Waste Water	
<b>Operating Activities</b>					
Receipts from customers and users	\$ 4,416,737	\$ 1,626,008	\$ 4,488,002	\$ 6,174	\$ 10,536,921
Payments to suppliers of goods and services	(1,634,320)	(1,326,341)	(789,546)	-	(3,750,207)
Payments to employees	(828,181)	(269,717)	(698,831)	-	(1,796,729)
<b>Net Cash Provided by Operating Activities</b>	<b>1,954,236</b>	<b>29,950</b>	<b>2,999,625</b>	<b>6,174</b>	<b>4,989,985</b>
<b>Non-Capital Financing Activities</b>					
Payments (to) from other governments	(8,424)	5,000	237,699	-	234,275
<b>Net Cash Provided (Used) by Non-Capital Financing Activities</b>	<b>(8,424)</b>	<b>5,000</b>	<b>237,699</b>	<b>-</b>	<b>234,275</b>
<b>Capital and Related Financing Activities</b>					
Purchase of capital assets	(802,143)	(289,297)	(2,537,437)	-	(3,628,877)
Proceeds from the issuance of long-term debt	579,069	-	-	-	579,069
Principal paid on long-term debt	(112,890)	-	(200,000)	-	(312,890)
Interest paid on long-term debt	(54,859)	-	(289,874)	-	(344,733)
<b>Net Cash Used by Capital and Related Financing Activities</b>	<b>(390,823)</b>	<b>(289,297)</b>	<b>(3,027,311)</b>	<b>-</b>	<b>(3,707,431)</b>
<b>Investing Activities</b>					
Interest (paid) received	(124,098)	(7,679)	6,620	-	(125,157)
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>(124,098)</b>	<b>(7,679)</b>	<b>6,620</b>	<b>-</b>	<b>(125,157)</b>
<b>Net Change in Cash and Cash Equivalents</b>	<b>1,430,891</b>	<b>(262,026)</b>	<b>216,633</b>	<b>6,174</b>	<b>1,391,672</b>
Cash and Cash Equivalents at Beginning of Year	12,365,385	1,252,486	2,015,314	-	15,633,185
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 13,796,276</b>	<b>\$ 990,460</b>	<b>\$ 2,231,947</b>	<b>\$ 6,174</b>	<b>\$ 17,024,857</b>
<b>Cash Flows from Operating Activities</b>					
Operating income (loss)	\$ 1,512,457	\$ (174,981)	\$ 2,585,157	\$ 5,574	\$ 3,928,207
<b>Adjustments to reconcile operating income (loss) net cash provided by operating activities:</b>					
Depreciation	516,877	6,122	420,498	600	944,097
(Increase) decrease in accounts receivable	(68,513)	(27,369)	(272,691)	-	(368,573)
(Increase) decrease in deferred outflows of resources	112,605	32,492	82,464	-	227,561
(Increase) decrease in prepaid costs	-	-	42,275	-	42,275
Increase (decrease) in accounts payable and accrued liabilities	(75,186)	215,530	169,007	-	309,351
Increase (decrease) in deposits payable	(1,318)	-	-	-	(1,318)
Increase (decrease) in compensated absences	(15,921)	(2,528)	(12,717)	-	(31,166)
Increase (decrease) in deferred inflows of resources	282,194	70,606	211,609	-	564,409
Increase (decrease) in net OPEB liability	(52,451)	(14,216)	(38,852)	-	(105,519)
Increase (decrease) in net pension liability	(256,508)	(75,706)	(187,125)	-	(519,339)
<b>Total Adjustments</b>	<b>441,779</b>	<b>204,931</b>	<b>414,468</b>	<b>600</b>	<b>1,061,778</b>
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ 1,954,236</b>	<b>\$ 29,950</b>	<b>\$ 2,999,625</b>	<b>\$ 6,174</b>	<b>\$ 4,989,985</b>

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**CITY OF LIVINGSTON  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2022**

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**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. 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) report information of all of the nonfiduciary activities of the government. 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 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.

**Fund Financial Statements** - The Governmental Fund Financial Statements provide information about the City's funds. Separate statements for each fund category - governmental and proprietary - 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.



**CITY OF LIVINGSTON  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2022**

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

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

*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.

*Capital Projects Fund* - The Capital Projects Fund is to account for the tracking of financial resources used to acquire or construct major capital assets and projects.

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 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 financed purchase 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.

**CITY OF LIVINGSTON  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2022**

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

**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.

*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, lease assets, 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.

**CITY OF LIVINGSTON  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2022**

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

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/amortization are removed from the respective accounts and any resulting gain or loss is included in the results of operations.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital assets of the primary government, as well as the component units, are depreciated/amortized using the straight line method over the following estimated useful lives:

	Years
Infrastructure	10 - 40
Buildings and structures	15 - 20
Lease assets	5 - 10
Improvements 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.

*Deferred Outflows and Deferred Inflows of Resources* - In addition to assets, the statement of net position and balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The City has three types of items that qualify for reporting in this category. The items are deferred pension related items and deferred other post-employment benefits (OPEB) related items, and deferred charges on a previous refunding of long-term debt.

In addition to liabilities, the statement of net position and balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has three types of items that qualify for reporting in this category. The first item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue from intergovernmental revenues. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The other items are deferred pension related items and deferred OPEB related items.

**CITY OF LIVINGSTON  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2022**

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

*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.

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.

*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.

*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.

**CITY OF LIVINGSTON  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2022**

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

- 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.

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.

**Changes in Accounting Principles and New GASB Pronouncements**

During the year ended June 30, 2022, the City adopted the following new accounting standard issued by the Governmental Accounting Standards Board (GASB):

GASB Statement No. 87 *Leases* enhances usefulness and comparability of financial statements among governments by requiring lessees and lessors to report leases using a single model. This statement requires recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognizes inflows or outflows of resources based on the payment provisions of the lease contracts. Under GASB Statement No. 87, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and deferred inflow of resources.

**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.

**CITY OF LIVINGSTON  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2022**

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**NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)**

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.

**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, 2022 are classified in the accompanying financial statements as follows:

Statement of Net Position	
Cash and investments	\$ 31,576,068
Restricted: Cash with fiscal agent	<u>178,846</u>
Total cash and investments	<u>\$ 31,754,914</u>

Cash and investments as of June 30, 2022 consist of the following:

Cash on hand	\$ 1,999
Deposits with financial institutions	149,112
Cash with fiscal agent	178,846
Local Agency Investment Fund	<u>31,424,957</u>
Total cash and investments	<u>\$ 31,754,914</u>

**State of California Local Agency Investment Fund (LAIF)**

LAIF is overseen by the Local Agency Investment Advisory Board, which consists of five members, in accordance with State statute. The State Treasurer's office audits the fund annually.

**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.

**GASB Statement No. 31**

The City adopted GASB Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools, as of July 1, 1997. GASB Statement No. 31 establishes fair value standards for investments in participating interest earning investment contracts, external investment

**CITY OF LIVINGSTON  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2022**

**NOTE 3: CASH AND INVESTMENTS (CONTINUED)**

pools, equity securities, option contracts, stock warrants and stock rights that have readily determinable fair values. Accordingly, the City reports its investments at fair value in the balance sheet. All investment income, including changes in the fair value of investments, is recognized as revenue in the operating statement.

**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 for Deposits	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 Funds (LAIF)	N/A	None	None
JPA Pools (other investment pools)	N/A	None	None

\* Based on state law requirements or City investment policy requirements, whichever is more restrictive.

**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.

The City did not have any investments subject to interest rate risk for the year ended June 30, 2022.

**CITY OF LIVINGSTON  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2022**

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**NOTE 3: CASH AND INVESTMENTS (CONTINUED)**

**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, 2022 for each investment type:

Not Rated	
LAIF	\$ 31,424,957
Cash with Fiscal Agent	178,846
Cash and Cash Equivalents	151,111
Total Cash and Investments	<u>\$ 31,754,914</u>

**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.

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, 2022, the carrying amount of the City's bank deposits was \$149,112 per books, and the respective bank balances totaled \$813,140. 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).

**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.



**CITY OF LIVINGSTON  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2022**

**NOTE 4: NOTES/LONG-TERM RECEIVABLES (CONTINUED)**

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, 2022 of \$616 due to the City. The receivable is reflected in the General 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, 2022 were \$819,931 and are reflected in the Program Income Fund.

**NOTE 5: ADVANCES, INTERFUND RECEIVABLE, PAYABLE AND TRANSFERS**

**A. Advances To/From Other Funds**

	<u>Advance to</u>	<u>Advance From</u>
Major Funds:		
Water Fund	\$ 1,269,129	\$ -
Industrial Waster Water Fund	-	1,269,129
	<u>\$ 1,269,129</u>	<u>\$ 1,269,129</u>

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

**B. Due To/From Other Funds**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General fund	Capital projects fund	<u>\$ 1,251,062</u>

Due to/due from other funds for the year ended June 30, 2022, consisted of \$1,251,062 due to the General Fund from the Capital Projects Fund for short-term loans resulting from a deficit cash balance.

**C. Interfund Transfers**

	<u>Transfers in</u>		
	<u>Capital Projects Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total</u>
Transfers out			
General fund	\$ -	\$ 133,805	\$ 133,805
Non-Major Governmental Funds	298,785	13,395	312,180
Total	<u>\$ 298,785</u>	<u>\$ 147,200</u>	<u>\$ 445,985</u>

**CITY OF LIVINGSTON  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2022**

**NOTE 5: ADVANCES, INTERFUND RECEIVABLE, PAYABLE AND TRANSFERS (CONTINUED)**

The General Fund transferred \$133,805 to the Gas Tax Fund for reimbursement of administrative costs. In addition, the RSTP Fund and Measure V Fund transferred \$230,422 and \$68,363, respectively, to the Capital Projects Fund for various match payments pertaining to various capital project expenditures, whereas the RSTP Fund transferred \$13,395 to the Measure V Fund for miscellaneous costs associated with the Hammatt & Campbell capital project.

**NOTE 6: CAPITAL ASSETS**

Capital asset activities for the year ended June 30, 2022 were as follows:

<b>Governmental Activities:</b>	<b>Balance July 1, 2021</b>	<b>Adjustments*</b>	<b>Transfers</b>	<b>Additions</b>	<b>Retirements</b>	<b>Balance June 30, 2022</b>
Capital assets, not being depreciated/amortized:						
Land	\$ 3,485,866	\$ -	\$ -	\$ -	\$ -	\$ 3,485,866
Construction in progress	2,096,058	775,664	(1,381,277)	3,449,388	-	4,939,833
Total capital assets, not being depreciated/amortized	<u>5,581,924</u>	<u>775,664</u>	<u>(1,381,277)</u>	<u>3,449,388</u>	<u>-</u>	<u>8,425,699</u>
Capital assets, being depreciated/amortized:						
Buildings and improvements	10,576,689	-	1,381,277	-	-	11,957,966
Infrastructure	6,162,788	-	-	-	-	6,162,788
Lease assets	36,453	-	-	31,251	-	67,704
Machinery and equipment	4,766,669	-	-	216,658	-	4,983,327
Total capital assets, being depreciated/amortized	<u>21,542,599</u>	<u>-</u>	<u>1,381,277</u>	<u>247,909</u>	<u>-</u>	<u>23,171,785</u>
Less accumulated depreciation/amortization for:						
Buildings and improvements	4,723,889	-	-	282,009	-	5,005,898
Infrastructure	1,344,246	-	-	125,793	-	1,470,039
Lease assets	8,506	-	-	8,327	-	16,833
Machinery and equipment	3,861,356	-	-	169,717	-	4,031,073
Total accumulated depreciation/amortization	<u>9,937,997</u>	<u>-</u>	<u>-</u>	<u>585,846</u>	<u>-</u>	<u>10,523,843</u>
Total capital assets, being depreciated/amortized, net	<u>11,604,602</u>	<u>-</u>	<u>1,381,277</u>	<u>(337,937)</u>	<u>-</u>	<u>12,647,942</u>
Governmental activities, capital assets, net	<u>\$ 17,186,526</u>	<u>\$ 775,664</u>	<u>\$ -</u>	<u>\$ 3,111,451</u>	<u>\$ -</u>	<u>\$ 21,073,641</u>

\* Adjustments pertain to prior fiscal year capital projects that were not capitalized and placed into service.

<b>Business-Type Activities:</b>	<b>Balance July 1, 2021</b>	<b>Transfers</b>	<b>Additions</b>	<b>Retirements</b>	<b>Balance June 30, 2022</b>
Capital assets, not being depreciated:					
Land	\$ 2,979,629	\$ -	\$ -	\$ -	\$ 2,979,629
Construction in progress	4,565,343	(4,047,069)	3,007,401	-	3,525,675
Total capital assets, not being depreciated	<u>7,544,972</u>	<u>(4,047,069)</u>	<u>3,007,401</u>	<u>-</u>	<u>6,505,304</u>
Capital assets, being depreciated:					
Buildings and improvements	25,000	-	-	-	25,000
Infrastructure	33,108,178	4,047,069	10,320	-	37,165,567
Machinery and equipment	1,695,427	-	611,156	-	2,306,583
Total capital assets, being depreciated	<u>34,828,605</u>	<u>4,047,069</u>	<u>621,476</u>	<u>-</u>	<u>39,497,150</u>
Less accumulated depreciation for:					
Buildings and improvements	25,000	-	-	-	25,000
Infrastructure	11,994,034	-	844,774	-	12,838,808
Machinery and equipment	1,120,788	-	99,323	-	1,220,111
Total accumulated depreciation	<u>13,139,822</u>	<u>-</u>	<u>944,097</u>	<u>-</u>	<u>14,083,919</u>
Total capital assets, being depreciated, net	<u>21,688,783</u>	<u>4,047,069</u>	<u>(322,621)</u>	<u>-</u>	<u>25,413,231</u>
Business-Type activities, capital assets, net	<u>\$ 29,233,755</u>	<u>\$ -</u>	<u>\$ 2,684,780</u>	<u>\$ -</u>	<u>\$ 31,918,535</u>

**CITY OF LIVINGSTON  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2022**

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

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

<u>Governmental Activities</u>	
General Government	\$ 111,083
Public Safety	99,058
Public Works	169,810
Parks and Community Services	205,895
Totals	<u>\$ 585,846</u>
<u>Business Type Activities</u>	
Water	\$ 516,877
Sanitation	420,498
Domestic Sewer	600
Industrial Sewer	6,122
Totals	<u>\$ 944,097</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>Governmental Activities:</u>	<u>Beginning 7/1/2021</u>	<u>Adjustments*</u>	<u>Addition</u>	<u>Deletion</u>	<u>Ending 6/30/2022</u>	<u>Current Portion</u>
U.S Bancorp Financed Purchase	\$ 2,195,951	\$ (90,393)	\$ -	\$ 125,458	\$ 1,980,100	\$ 128,890
<u>Business Type Activities:</u>						
SWRCB Water Loan	\$ 1,046,865	\$ -	\$ -	\$ 31,014	\$ 1,015,851	\$ 62,775
2016A Sewer Refunding	6,755,000	-	-	200,000	6,555,000	210,000
SWRCB Water Loan 2020	2,817,331	-	579,069	44,174	3,352,226	89,398
U.S Bancorp Financed Purchase	632,637	-	-	37,702	594,935	38,727
Total Notes, Bonds, and Financed Purchase	11,251,833	-	579,069	312,890	11,518,012	400,900
Unamortized bonds premiums and deferred charges	239,569	-	-	6,822	232,747	9,026
Total	<u>\$ 11,491,402</u>	<u>\$ -</u>	<u>\$ 579,069</u>	<u>\$ 319,712</u>	<u>11,750,759</u>	<u>\$ 409,926</u>

\* Adjustments pertain to restatement of liability balance as of June 30, 2022.

Long-term debt payable at June 30, 2022 was comprised of the following individual issues:

**U.S. Bancorp Lease** – In December 2019, The City entered into a financed purchase arrangement to finance energy conservation improvements on certain City properties. The lease obligation is accounted for as a financed purchase where the related improvements to be acquired will become property of the City when all terms of the lease agreement are met. The stated interest under terms of the agreement is 2.735%. Present value of the remaining payments as of June 30, 2022 is \$2,575,035, the City has allocated financed purchase proceeds of \$1,980,100 to the Capital Projects Fund and \$594,935 to the Water Fund, future payments are expected to be made based on this allocation. Annual debt service payments of \$238,044 under the agreement start on December 6, 2020 and end on December 6, 2034.

**CITY OF LIVINGSTON  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2022**

**NOTE 7: LONG-TERM DEBT (CONTINUED)**

As of June 30, 2022, the City had accumulated total capital expenditures of \$2,191,741 in Construction In Progress in the Capital Projects Fund.

**SWRCB Water Loan** – In December 2016, the City entered into an agreement 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%.

**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, 2022. Principal and interest debt service paid during the fiscal year ended June 30, 2022 totaled \$445,850. Total sewer system net revenues calculated in accordance with the covenants were \$3,005,655 at June 30, 2022.

**SWRCB Water Loan 2020** – In September 2018, The City entered into a construction installment sale arrangement, a loan in substance, with the State Water Resource Conservation Board to finance certain City water well improvements. The stated interest under terms of the arrangement is 1.8% annually. Annual debt service payments range from \$801 to \$38,955 under the arrangement and start on July 1, 2020 and end on July 1, 2051. As of June 30, 2022, the City had drawn a total \$3,352,226 of the total loaned amount, the remaining loaned balance is expected to be drawn in October 2022. As part of the arrangement the loan is secured by a lien on and pledge of the Enterprise Fund, Net Revenues, and the Reserve Fund in priority as specified in the agreement. The City covenants that it shall prescribe, revise and collect such charges for the services and facilities of the water system which shall produce revenues sufficient in each fiscal year to provide gross revenues which are sufficient to pay all water operation and maintenance costs and all loan installment payments and produce net water revenues equal to at least 1.10 times debt service coming due and payable during such fiscal year. The City did not have any required debt service payments in the fiscal year ended June 30, 2022.

The annual requirement to amortize the principal and interest on all long-term debt at June 30, 2022, were as follows:

Years ending June 30,	Governmental Activities		Business Type Activities	
	Principal	Interest	Principal	Interest
2023	\$ 128,890	\$ 54,155	\$ 400,900	\$ 254,122
2024	138,088	44,958	411,959	244,662
2025	141,865	41,181	423,047	234,774
2026	139,758	43,288	434,165	224,456
2027	143,580	39,466	445,313	213,708
2028-2032	778,978	136,233	4,129,058	1,028,833
2033-2034	508,941	28,722	2,583,570	408,044
Thereafter	-	-	2,690,000	635,516
Totals	<u>\$ 1,980,100</u>	<u>\$ 388,003</u>	<u>\$ 11,518,012</u>	<u>\$ 3,244,115</u>

**CITY OF LIVINGSTON  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2022**

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**NOTE 8: POSTEMPLOYMENT HEALTH CARE BENEFITS PLAN DESCRIPTION – SINGLE EMPLOYER**

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, 2020, the date of the latest actuarial valuation:

Number of active plan members	47
Number of inactive members currently receiving benefits	11
Total	<u>58</u>

**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	<u>100%</u>		

\*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 THE FINANCIAL STATEMENTS  
 YEAR ENDED JUNE 30, 2022**

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**NOTE 8: POSTEMPLOYMENT HEALTH CARE BENEFITS PLAN DESCRIPTION – SINGLE EMPLOYER (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 CalPERS bifurcated return expectations, the single equivalent long term rate of return was determined to be 6.45%. 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, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation date as of June 30, 2020.

Valuation Date	June 30, 2020
Measurement Date	June 30, 2021
Actuarial Cost Method	Entry - Age Normal Cost, level of percent pay
Asset Valuation Method	Market value of assets
Long-term Return on Assets	6.45%
Discount Rates	6.35%
Participant Valued	Only current active employees and retired participants and covered dependents are valued. No future entrants are considered in this valuation.
Salary Increase	3.0% 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	2.5% per year
Mortality Improvement	MacLeod Watts Scale 2020 applied generationally.
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:

**CITY OF LIVINGSTON  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2022**

**NOTE 8: POSTEMPLOYMENT HEALTH CARE BENEFITS PLAN DESCRIPTION – SINGLE EMPLOYER (CONTINUED)**

**Changes in the Net OPEB Liability**

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (c) = (a) - (b)
Balance at June 30, 2021	\$ 2,771,922	\$ 233,997	\$ 2,537,925
Changes recognized for the measurement period:			
Service cost	21,008	-	21,008
Interest	133,522	-	133,522
Expected investment income		15,090	(15,090)
Contributions-employer	-	245,000	(245,000)
Benefit payments	(245,000)	(245,000)	-
Administrative expense	-	(87)	87
Change due to Investment Experience	-	49,210	(49,210)
Change due to Investment Experience	(286,818)	-	(286,818)
Net Changes	(377,288)	64,213	(441,501)
Balance at June 30, 2022	<u>\$ 2,394,634</u>	<u>\$ 298,210</u>	<u>\$ 2,096,424</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:

	Discount Rate -1 Percent 5.35	Current Discount Rate 6.35%	Discount Rate +1 Percent 7.35%
Net OPEB Liability	<u>\$ 2,303,903</u>	<u>\$ 2,096,424</u>	<u>\$ 1,914,340</u>

**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:

	Healthcare Trend -1 Percent	Current Trend	Healthcare Trend +1 Percent
Net OPEB Liability	<u>\$ 1,899,865</u>	<u>\$ 2,096,424</u>	<u>\$ 2,321,085</u>

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 THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2022**

**NOTE 8: POSTEMPLOYMENT HEALTH CARE BENEFITS PLAN DESCRIPTION – SINGLE EMPLOYER (CONTINUED)**

**Deferred Outflows/Inflows Related to OPEB**

For the year ended June 30, 2022, the City recognized OPEB expense of \$146,176. At June 30, 2022, 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 of assumptions	\$ 378,648	\$ 278,053
Differences between expected and actual experience	58,937	224,536
Net difference between projected and actual earnings on OPEB plan investments	-	37,586
Deferred Contributions	242,774	-
<b>Total</b>	<b>\$ 680,359</b>	<b>\$ 540,175</b>

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

Fiscal year ended June 30,	Deferred Outflows/(Inflows) of Resources
2023	\$ (12,460)
2024	(13,230)
2025	(11,726)
2026	(13,066)
2027	(3,224)
Thereafter	(48,884)
<b>Total</b>	<b>\$ (102,590)</b>

**NOTE 9: 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 THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2022**

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**NOTE 9: PENSION PLAN (CONTINUED)**

**Funding Policy** – Management, clerical, and public works plan members in the Classic Miscellaneous Plan are required to contribute 3% - 7% 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 3% of the 7%. 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, 2022, are summarized as follows:

	<u>Safety - Classic</u>	<u>Miscellaneous - Classic</u>
Hire Date	Prior to January 1, 2013	Prior to January 1, 2013
Benefit Formula	2.00% at 55; maximum 2% COLA	2.00% at 55; maximum 2% COLA
Benefit Vesting Schedule	5 years of service	5 years of service
Benefit Payment	Monthly For Life	Monthly For Life
Retirement Age	55	55
Monthly Benefits, as a % of Annual Salary	2.00%	2.00%
Required Employee Contribution Rates	6.94%	6.91%
Required Employer Contribution Rates	15.62%	10.87%
	<u>Safety - PEPRA</u>	<u>Miscellaneous - PEPRA</u>
Hire Date	On or After January 1, 2013	On or After January 1, 2013
Benefit Formula	2.00% at 62; maximum 2% COLA	2.00% at 62; maximum 2% COLA
Benefit Vesting Schedule	5 years of service	5 years of service
Benefit Payment	Monthly For Life	Monthly For Life
Retirement Age	62	62
Monthly Benefits, as a % of Annual Salary	2.00%	2.00%
Required Employee Contribution Rates	10.00%	6.75%
Required Employer Contribution Rates	10.80%	7.73%

**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.

**CITY OF LIVINGSTON  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2022**

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**NOTE 9: PENSION PLAN (CONTINUED)**

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

As of June 30, 2022, the City reported net pension liabilities for its proportionate shares of the net pension liability of each Plan as follows:

Miscellaneous	\$ 2,481,216
Safety	1,148,783
Total	<u>\$ 3,629,999</u>

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, 2021, 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, 2020, rolled forward to June 30, 2021, 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, 2021, and 2022 was as follows:

	<u>Miscellaneous</u>	<u>Safety</u>
Proportion - June 30, 2021	0.0864%	0.0417%
Proportion - June 30, 2022	<u>0.0883%</u>	<u>0.0454%</u>
Change - Increase (Decrease)	<u>0.0019%</u>	<u>0.0038%</u>

For the year ended June 30, 2022, the City recognized pension expense of \$709,649. At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Contributions subsequent to the measurement date	\$ 991,214	\$ -
Changes due to proportions	286,967	265,166
Differences between expected and actual experience	474,511	2,165,971
Net difference between projected and actual earnings on pension plan investments	-	683,747
Total	<u>\$ 1,752,692</u>	<u>\$ 3,114,884</u>

**CITY OF LIVINGSTON  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2022**

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**NOTE 9: PENSION PLAN (CONTINUED)**

The \$ 991,214 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal year ended June 30,	Deferred Outflows/(Inflows) of Resources
2023	\$ (459,451)
2024	(514,060)
2025	(614,976)
2026	(764,919)
Total	<u>\$ (2,353,406)</u>

**Actuarial Methods and Assumptions** – The collective total pension liability for the June 30, 2022, measurement period was determined by an actuarial valuation as of June 30, 2020, with update procedures used to roll forward the total pension liability to June 30, 2022. The collective total pension liability was based on the following assumptions:

Valuation Date	June 30, 2020
Measurement Date	June 30, 2021
Actuarial Cost Method	Entry - Age Actuarial 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 Increase	Varies by Entry Age and Service
Mortality Rate Table	Derived using CalPERS' Membership <sup>1</sup> Date for all Funds
Post Retirement Benefit Increase	Contact COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies

<sup>1</sup> 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, 2019 valuation were 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.

**Discount rate** – The discount rate used to measure the total pension liability for Public Employees Retirement Fund 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

**CITY OF LIVINGSTON  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2022**

**NOTE 9: PENSION PLAN (CONTINUED)**

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' Annual Comprehensive Financial Report for the fiscal year ended June 30, 2022.

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 <sup>1</sup>	New Strategic Allocation	Real Return Years 1-10 <sup>2</sup>	Real Return Years 11+ <sup>3</sup>
Global Equity	50.00%	4.80%	5.98%
Fixed Income	28.00%	1.00%	2.62%
Inflation Assets	0.00%	77.00%	1.81%
Private Equity	8.00%	630.00%	7.23%
Real Estate	13.00%	3.75%	4.93%
Liquity	1.00%	0.00%	-0.92%
Total	100%		

<sup>1</sup> In the System's ACFR, 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.

<sup>2</sup> An expected inflation of 2.0% used for this period

<sup>3</sup> 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:

	Discount Rate -1 Percent 6.15	Current Discount Rate 7.15%	Discount Rate +1 Percent 8.15%
Miscellaneous	\$ 4,914,982	\$ 2,481,216	\$ 469,256
Safety	2,691,639	1,148,783	(118,481)

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

**CITY OF LIVINGSTON  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2022**

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**NOTE 10: 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 joint powers authority of 54 cities in the Central 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 times per year. The day-to-day business is handled by a management group contracted by the CSJVRMA. CSJVRMA's financial statements can be obtained at 1750 Creekside Oaks Drive, Suite 200, Sacramento, California 95833.

CSJVRMA pays first dollar coverage for liability and workers' compensation claims. Outstanding claims are valued at the end of each fiscal year and after the end of the fifth year of each program year, members are given refunds or charged an assessment depending on the members fund balance. CSJVRMA's liability self-insured retention (SIR) is \$1,000,000 and the city's retained limit is \$25,000. The CSJVRMA is a member of the California Affiliated Risk Management Authority (CARMA), an excess joint powers authority, for the amount in excess of \$1,000,000. CARMA self-insures a portion of their coverage and purchases excess and reinsurance coverage through various insurance carriers above the self-insured layer. CSJVRMA's workers' compensation SIR is \$500,000 and the city's retained limit is \$25,000. The CSJVRMA is a member of the Local Agency Workers' Compensation Joint Powers Authority (LAWCX), an excess joint powers authority, for the amount in excess of \$500,000. LAWCX self-insures a portion of their coverage and participates in another excess joint powers authority, the Public Risk Innovation, Solutions, and Management (PRISM), who purchases excess and reinsurance coverage above the self-insured layers.

The latest audited financial information and the most current information available for CSJVRMA for fiscal year ended June 30, 2022 is as follows:

Total Assets	\$ 150,837,823
Total Liabilities	118,663,929
Net Position	<u>\$ 32,173,894</u>
Total Revenues	\$ 66,885,024
Total Expenses	47,584,363
Increases/(Decrease) in Net Position	<u>\$ 19,300,661</u>

**NOTE 11: 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.

**CITY OF LIVINGSTON  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2022**

**NOTE 12: COMPENSATED ABSENCES**

As described in Note 1, under certain circumstances and accordingly to the negotiated labor agreements, City employees are allowed to accumulate annual leave. The annual leave amount is accrued and accounted for as compensated absences in the government-wide and proprietary fund statements.

As shown in the table below, the long-term portion of this debt amounts to \$402,218 for governmental activities and \$115,467 for business-type activities at June 30, 2022. These amounts are expected to be paid in future years from future resources. In prior years, compensated absences have been liquidated primarily by the General Fund and the proprietary funds. The total amount outstanding at June 30, 2022, was \$44,691 for governmental activities and \$12,830 for business-type activities.

	<u>Balance July 1, 2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2022</u>	<u>Amounts Due Within One Year</u>	<u>Amounts Due in More than One Year</u>
Governmental Activities	\$ 544,262	\$ 210,971	\$ 308,324	\$ 446,909	\$ 44,691	\$ 402,218
Business-Type Activities	\$ 159,463	\$ 90,078	\$ 121,244	\$ 128,297	\$ 12,830	\$ 115,467

**NOTE 13: LEASES**

**Lease Payable**

Effective July 1, 2021, the City implemented GASB 87 impacting three copier leases with Xerox and US Bank. Upon implementation, the leases had up to 60 months remaining with a monthly base rent per copier that varies by agreement. As of June 30, 2022, the lease liability outstanding amounted to \$50,025, while the total lease asset value amounted to \$50,871, which includes accumulated amortization of \$16,833.

The following is a summary of changes in capital leases of the City for the year ended June 30, 2022:

<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due in One Year</u>
\$ 28,223	\$ 31,251	\$ 9,449	\$ 50,025	\$ 13,338

Future principal and interest requirements to maturity for the combined capital lease liability as of June 30, 2022 are as follows:

<u>Fiscal Year</u>	<u>Governmental Activities</u>		
	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total Payments</u>
2023	\$ 13,338	\$ 879	\$ 14,217
2024	13,607	609	14,216
2025	12,605	336	12,941
2026	6,411	151	6,562
2027	4,064	30	4,094
Total	\$ 50,025	\$ 2,005	\$ 52,030

**CITY OF LIVINGSTON  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2022**

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**NOTE 14: PRIOR PERIOD ADJUSTMENTS**

**A. Error Correction**

During the fiscal year ended June 30, 2022, the City identified previous fiscal years' capital projects that had expenditures that were not capitalized in the amount of \$775,389. These projects have since been completed and were subsequently transferred and placed into service as of June 30, 2022.

During the fiscal year ended June 30, 2022, the City identified an outdated long-term debt amortization schedule utilized in the prior fiscal year to record long-term liability activity. The prior period adjustment resulted in a reduction of long-term liabilities as of June 30, 2021 in the amount of \$90,393.

**B. Adjustments to and Restatements of Beginning Balances**

During fiscal year 2022, changes to or within the financial reporting entity, an error correction, and the change in accounting principle resulted in adjustments to and restatements of beginning net position and fund net position, as follows.

	June 30, 2021 As Previously Reported	Changes to or within the Reporting Entity	Error Correction	Changes in Accounting Principle	June 30, 2021 As Restated
Government-wide					
Governmental activities	\$ 24,210,348	\$ -	\$ 865,782	\$ -	\$ 25,076,130

**NOTE 15: SUBSEQUENT EVENTS**

The City evaluated subsequent events for recognition and disclosure through XXXX, 2024, the date which these financial statements were available to be issued. Management concluded that no material subsequent events have occurred since June 30, 2022 that required recognition or disclosure in the financial statements.

**REQUIRED SUPPLEMENTARY INFORMATION**



CITY OF LIVINGSTON

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
YEAR ENDED JUNE 30, 2022**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 6,515,239	\$ 6,178,131	\$ 6,515,239	\$ 337,108
Licenses and permits	244,416	207,565	244,416	36,851
Intergovernmental	1,988,559	1,760,311	565,407	(1,194,904)
Charges for services	133,527	163,340	285,499	122,159
Use of money and property	58,197	57,500	(11,197)	(68,697)
Fines and forfeitures	39,230	42,500	39,230	(3,270)
Other	49,423	499,700	236,882	(262,818)
<b>Total Revenues</b>	<b>9,028,591</b>	<b>8,909,047</b>	<b>7,875,476</b>	<b>(1,033,571)</b>
<b>Expenditures</b>				
Current:				
General government	981,051	2,014,856	1,071,973	942,883
Public safety	4,078,362	4,685,446	4,146,833	538,613
Planning and community development	804,024	834,477	805,611	28,866
Parks and community services	647,254	692,727	646,128	46,599
Public works	347,273	379,905	348,001	31,904
Capital outlay	207,509	252,742	238,760	13,982
Debt service:				
Principal retirement	125,458	134,907	134,907	-
Interest and fiscal charges	57,587	57,587	56,537	1,050
<b>Total Expenditures</b>	<b>7,248,518</b>	<b>9,052,647</b>	<b>7,448,750</b>	<b>1,603,897</b>
Excess revenue over expenditures	1,780,073	(143,600)	426,726	570,326
<b>Other Financing Sources (Uses)</b>				
Transfers out	(133,805)	(133,805)	(133,805)	-
Proceeds from leasing arrangements	-	-	31,251	31,251
<b>Total Other Financing Sources (Uses)</b>	<b>(133,805)</b>	<b>(133,805)</b>	<b>(102,554)</b>	<b>31,251</b>
<b>Net Change in Fund Balances</b>	<b>\$ 1,646,268</b>	<b>\$ (277,405)</b>	324,172	<b>\$ 601,577</b>
<b>Fund Balances</b>				
Beginning of Year			4,356,998	
End of Year			<b>\$ 4,681,170</b>	

CITY OF LIVINGSTON

BUDGETARY COMPARISON SCHEDULE  
 PROGRAM INCOME  
 YEAR ENDED JUNE 30, 2022

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$ 338,827	\$ -	\$ 315,734	\$ 315,734
Use of money and property	13,106	450	7,404	6,954
Other	32	-	32	32
<b>Total Revenues</b>	<b>351,965</b>	<b>450</b>	<b>323,170</b>	<b>322,720</b>
<b>Expenditures</b>				
Current:				
Planning and community development	211,851	579,720	211,850	367,870
<b>Total Expenditures</b>	<b>211,851</b>	<b>579,720</b>	<b>211,850</b>	<b>367,870</b>
Excess (deficiency) revenue over expenditures	140,114	(579,270)	111,320	(690,590)
<b>Net Change in Fund Balances</b>	<b>\$ 140,114</b>	<b>\$ (579,270)</b>	111,320	<b>\$ 690,590</b>
<b>Fund Balances</b>				
Beginning of Year			342,223	
End of Year			<b>\$ 453,543</b>	

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CITY OF LIVINGSTON

BUDGETARY COMPARISON SCHEDULE  
 MAINTENANCE DISTRICTS  
 YEAR ENDED JUNE 30, 2022

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$ 17,653	\$ 17,653	\$ 17,653	\$ -
Use of money and property	12,872	-	(32,553)	(32,553)
Maintenance assessments	1,718,770	1,540,740	1,718,770	178,030
Other	14,220	-	54,776	54,776
<b>Total Revenues</b>	<b>1,763,515</b>	<b>1,558,393</b>	<b>1,758,646</b>	<b>200,253</b>
<b>Expenditures</b>				
Current:				
Public safety	4,730	-	4,730	(4,730)
Public works	1,286,411	2,657,021	1,297,228	1,359,793
Capital outlay	67,703	89,822	71,992	17,830
<b>Total Expenditures</b>	<b>1,358,844</b>	<b>2,746,843</b>	<b>1,373,950</b>	<b>1,372,893</b>
<b>Net Change in Fund Balances</b>	<b>\$ 404,671</b>	<b>\$ (1,188,450)</b>	384,696	<b>\$ (1,573,146)</b>
<b>Fund Balances</b>				
Beginning of Year			2,788,758	
End of Year			<b>\$ 3,173,454</b>	

CITY OF LIVINGSTON

**COST SHARING MULTIPLE EMPLOYER PLAN  
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS<sup>(1)</sup>**

	<b>Miscellaneous Rate Plan</b>			
	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Rate Plan's Proportion of the Net Pension Liability	0.03960%	0.09348%	0.09502%	0.09687%
Rate Plan's Proportionate Share of the Net Pension Liability	\$ 2,464,138	\$ 2,564,162	\$ 3,300,933	\$ 3,818,551
Rate Plan's Covered Payroll	\$ 1,803,899	\$ 1,685,745	\$ 1,688,533	\$ 1,982,411
Rate Plan's Proportionate Share of the Net Pension Liability as Percentage of Covered Payroll	136.60%	152.11%	195.49%	192.62%
<b>The Pension Plan's (PERF-C) Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	<b>79.98%</b>	<b>79.56%</b>	<b>75.06%</b>	<b>73.85%</b>
	<b>Safety Rate Plan</b>			
	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Rate Plan's Proportion of the Net Pension Liability	0.02230%	0.02793%	0.06184%	0.03184%
Rate Plan's Proportionate Share of the Net Pension Liability	\$ 1,387,572	\$ 1,150,641	\$ 1,649,184	\$ 1,933,287
Rate Plan's Covered Payroll	\$ 892,349	\$ 951,670	\$ 1,086,467	\$ 1,184,979
Rate Plan's Proportionate Share of the Net Pension Liability as Percentage of Covered Payroll	155.50%	120.91%	151.79%	163.15%
<b>The Pension Plan's (PERF-C) Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	<b>80.42%</b>	<b>83.85%</b>	<b>78.69%</b>	<b>77.62%</b>

**Notes to Schedule of Proportionate Share of the Net Pension Liability**

Benefit Changes: None.

Changes of Assumptions: In 2018, demographic assumptions and inflate 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.

<sup>(1)</sup> Historical information is required only for measurement for which GASB 68 is applicable. Fiscal Year 2015 was the first year of implementation, therefore only eight years are shown.

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**Miscellaneous Rate Plan**

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<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
0.09879	0.10129%	0.04043%	0.04588%
\$ 3,723,031	\$ 4,056,159	\$ 4,398,717	\$ 2,481,216
\$ 2,375,780	\$ 2,180,943	\$ 2,503,615	\$ 2,728,001
156.71%	185.98%	175.69%	90.95%
76.19%	75.89%	77.73%	88.30%

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**Safety Rate Plan**

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<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
0.03331%	0.03451%	0.02225%	0.02124%
\$ 1,954,629	\$ 2,154,291	\$ 2,420,480	\$ 1,148,783
\$ 1,383,595	\$ 1,391,084	\$ 1,416,193	\$ 1,371,759
141.27%	154.86%	170.91%	83.75%
77.70%	77.67%	75.10%	86.61%

**CITY OF LIVINGSTON**

**COST SHARING MULTIPLE EMPLOYER PLAN  
SCHEDULE OF PLAN CONTRIBUTIONS  
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS(1)**

	<b>Miscellaneous Rate Plan</b>			
	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Actuarially Determined Contribution	\$ 195,635	\$ 182,947	\$ 267,382	\$ 300,757
Contribution in Relation to the Actuarially Determined Contribution	(195,635)	(182,947)	(267,382)	(300,757)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 1,803,899	\$ 1,685,745	\$ 1,688,533	\$ 1,982,411
Contributions as a Percentage of Covered Payroll	10.85%	10.85%	15.84%	15.17%

  

	<b>Safety Rate Plan</b>			
	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Actuarially Determined Contribution	\$ 141,280	\$ 143,311	\$ 183,062	\$ 201,625
Contribution in Relation to the Actuarially Determined Contribution	(141,280) #	(143,311)	(183,062)	(201,625)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 892,349	\$ 951,670	\$ 1,086,467	\$ 1,184,979
Contributions as a Percentage of Covered Payroll	15.83%	15.06%	16.85%	17.02%

(1) Historical information is required only for measurement for which GASB 68 is applicable. Fiscal Year 2015 was the first year of implementation, therefore only eight years are shown.

**Notes to Schedule of Plan Contributions:**

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2021-22 were

Actuarial Cost Method:	Entry Age Normal
Amortization Method/Period:	For details, see June 30, 2016 Funding Valuation Report.
Asset Valuation Method:	Market Value of Assets. For details, see June 30, 2016 Funding Valuation Report.
Inflation:	2.50%
Salary Increases:	Varies by Entry Age and Service
Payroll Growth:	2.75%
Investment Rate of Return:	7.00%
Retirement Age:	The probabilities of Retirement are based on the 2014 CalPERS Experience Study for the period of 1997 to 2011.
Mortality:	The probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011. Pre-retirement and Post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB published by the Society of Actuaries.

(1) Historical information is required only for measurement for which GASB 68 is applicable. Fiscal Year 2015 was the first year of implementation, therefore only eight years are shown.

<b>Miscellaneous Rate Plan</b>			
<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
\$ 271,882	\$ 413,145	\$ 477,503	\$ 498,394
(271,882)	(413,145)	(477,503)	(498,394)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 2,375,780	\$ 2,180,943	\$ 2,503,615	\$ 2,728,001
11.44%	18.94%	19.07%	18.27%

<b>Safety Rate Plan</b>			
<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2021</b>
\$ 252,298	\$ 273,044	\$ 445,506	\$ 492,820
(252,298)	(273,044)	(445,506)	(492,820)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,383,595	\$ 1,391,084	\$ 1,416,193	\$ 1,371,759
18.23%	19.63%	31.46%	35.93%



CITY OF LIVINGSTON

**SCHEDULE OF CHANGE IN THE NET OPEB LIABILITY AND RELATED RATIOS  
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS(1)**

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
<b>Total OPEB Liability</b>					
Service cost	\$ 18,792	\$ 19,403	\$ 16,743	\$ 17,287	\$ 21,008
Interest on the total OPEB liability	159,687	161,816	166,007	164,230	133,522
Differences between expected and actual experiences	-	93,101	-	(276,572)	-
Changes in assumptions	-	(28,792)	-	466,400	(286,818)
Benefit payments	(139,650)	(153,025)	(203,753)	(217,510)	(245,000)
<b>Net change in total OPEB liability</b>	<b>38,829</b>	<b>92,503</b>	<b>(21,003)</b>	<b>153,835</b>	<b>(377,288)</b>
<b>Total OPEB liability - beginning</b>	<b>2,507,758</b>	<b>2,546,587</b>	<b>2,639,090</b>	<b>2,618,087</b>	<b>2,771,922</b>
<b>Total OPEB liability - ending (a)</b>	<b>2,546,587</b>	<b>2,639,090</b>	<b>2,618,087</b>	<b>2,771,922</b>	<b>2,394,634</b>
 <b>Plan Fiduciary Net Position</b>					
Contributions - employer	139,650	263,080	302,272	217,510	245,000
Net investment income	-	(256)	17,858	7,986	64,300
Benefit payments	(139,650)	(153,025)	(203,753)	(217,510)	(245,000)
Administrative expense	-	(19)	(36)	(110)	(87)
<b>Net change in plan fiduciary net position</b>	<b>-</b>	<b>109,780</b>	<b>116,341</b>	<b>7,876</b>	<b>64,213</b>
<b>Plan fiduciary net position - beginning</b>	<b>-</b>	<b>-</b>	<b>109,780</b>	<b>226,121</b>	<b>233,997</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>-</b>	<b>109,780</b>	<b>226,121</b>	<b>233,997</b>	<b>298,210</b>
 <b>Net OPEB Liability - ending (a) - (b)</b>	<b>\$ 2,546,587</b>	<b>\$ 2,529,310</b>	<b>\$ 2,391,966</b>	<b>\$ 2,537,925</b>	<b>\$ 2,096,424</b>
 <b>Plan fiduciary net position as a percentage of the total OPEB liability</b>	0.00%	4.16%	8.64%	8.44%	12.45%
 <b>Covered-employee payroll</b>	\$ 3,019,099	\$ 3,387,869	\$ 3,520,580	\$ 4,044,709	\$ 4,067,232
 <b>Net OPEB liability as a percentage of covered-employee payroll</b>	84.35%	74.66%	67.94%	62.75%	51.54%

(1) Historical information is required only for the measurement periods for which GASB 75 is applicable. Fiscal Year 2018 was the first year of implementation. Future years' information will be displayed up to 10 years as information becomes available.

CITY OF LIVINGSTON

**SCHEDULE OF OPEB CONTRIBUTIONS  
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS(1)**

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Actuarially Determined Contribution	\$ 192,372	\$ 286,831	\$ 284,608	\$ 251,891	\$ 249,746
Contribution in Relation to the Actuarially Determined Contributions	(263,080)	(302,272)	(217,510)	(245,000)	(242,773)
Contribution Deficiency (Excess)	<u>\$ (70,708)</u>	<u>\$ (15,441)</u>	<u>\$ 67,098</u>	<u>\$ 6,891</u>	<u>\$ 6,973</u>
Covered-employee payroll	\$ 3,387,869	\$ 2,519,808	\$ 2,601,702	\$ 4,166,050	\$ 4,265,241
Contributions as a percentage of covered-employee payroll	7.77%	12.00%	8.36%	5.88%	5.69%

(1) Historical information is required only for the measurement periods for which GASB 75 is applicable. Fiscal Year 2018 was the first year of implementation. Future years' information will be displayed up to 10 years as information becomes available.

**Notes to Schedule:**

\*Actuarial methods and assumptions used to set the actuarially determined contribution for fiscal year 2022 were from the June 30, 2020 actuarial valuation.

**Methods and assumptions used to determine contributions:**

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market value
Discount rate	5.00%
Inflation	2.50%
Salary increases	3.00% annually
Mortality Rate*	Derived using CalPERS' membership
Pre-Retirement Turnover**	Derived using CalPERS' membership
Healthcare Trend Rate	Medical plan premiums are assumed to increase at somewhat higher rates than assumed in the prior valuation, with the ultimate trend of 5.0% per year.

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**SUPPLEMENTAL INFORMATION**

CITY OF LIVINGSTON

COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2022

	Special Revenue Funds	Capital Projects Funds	Totals
<b>Assets</b>			
Cash and investments	\$ 3,398,249	\$ 2,595,515	\$ 5,993,764
Accounts and interest receivable	5,976	4,835	10,811
Due from other governments	446,639	-	446,639
<b>Total Assets</b>	<b>\$ 3,850,864</b>	<b>\$ 2,600,350</b>	<b>\$ 6,451,214</b>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Accounts payable	\$ 3,794	\$ 16,382	\$ 20,176
Accrued expenses	8,795	-	8,795
<b>Total Liabilities</b>	<b>12,589</b>	<b>16,382</b>	<b>28,971</b>
<b>Fund Balances</b>			
Restricted:			
Capital improvement projects	-	2,583,968	2,583,968
Circulation improvements	3,568,315	-	3,568,315
Public safety programs	269,960	-	269,960
<b>Total Fund Balances</b>	<b>3,838,275</b>	<b>2,583,968</b>	<b>6,422,243</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 3,850,864</b>	<b>\$ 2,600,350</b>	<b>\$ 6,451,214</b>

CITY OF LIVINGSTON

COMBINING BALANCE SHEET  
 NONMAJOR SPECIAL REVENUE FUNDS  
 JUNE 30, 2022

	Gas Tax	Local Transportation	RSTP	Abandoned Vehicle Abatement
<b>Assets</b>				
Cash and investments	\$ 171,896	\$ 4,339	\$ 670,945	\$ 95,610
Accounts and interest receivable	61	-	1,530	55
Due from other governments	26,085	-	170,975	-
<b>Total Assets</b>	<b>\$ 198,042</b>	<b>\$ 4,339</b>	<b>\$ 843,450</b>	<b>\$ 95,665</b>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ 3,724	\$ -	\$ -	\$ -
Accrued expenses	4,690	-	-	-
<b>Total Liabilities</b>	<b>8,414</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances</b>				
Restricted:				
Circulation improvements	189,628	4,339	843,450	-
Public safety programs	-	-	-	95,665
<b>Total Fund Balances</b>	<b>189,628</b>	<b>4,339</b>	<b>843,450</b>	<b>95,665</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 198,042</b>	<b>\$ 4,339</b>	<b>\$ 843,450</b>	<b>\$ 95,665</b>

CITY OF LIVINGSTON

COMBINING BALANCE SHEET  
 NONMAJOR SPECIAL REVENUE FUNDS  
 JUNE 30, 2022

	<u>Measure V</u>	<u>SB-1</u>	<u>Public Safety</u>	<u>Total</u>
<b>Assets</b>				
Cash and investments	\$ 1,252,163	\$ 1,090,327	\$ 112,969	\$ 3,398,249
Accounts and interest receivable	2,344	1,820	166	5,976
Due from other governments	158,367	25,932	65,280	446,639
<b>Total Assets</b>	<b>\$ 1,412,874</b>	<b>\$ 1,118,079</b>	<b>\$ 178,415</b>	<b>\$ 3,850,864</b>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ 55	\$ -	\$ 15	\$ 3,794
Accrued expenses	-	-	4,105	8,795
<b>Total Liabilities</b>	<b>55</b>	<b>-</b>	<b>4,120</b>	<b>12,589</b>
<b>Fund Balances</b>				
Restricted:				
Circulation improvements	1,412,819	1,118,079	-	3,568,315
Public safety programs	-	-	174,295	269,960
<b>Total Fund Balances</b>	<b>1,412,819</b>	<b>1,118,079</b>	<b>174,295</b>	<b>3,838,275</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 1,412,874</b>	<b>\$ 1,118,079</b>	<b>\$ 178,415</b>	<b>\$ 3,850,864</b>

CITY OF LIVINGSTON

COMBINING BALANCE SHEET  
 NONMAJOR CAPITAL PROJECTS FUNDS  
 JUNE 30, 2022

	<u>Amenities Impact Fees</u>	<u>Fire Impact Fees</u>	<u>Police Impact Fees</u>	<u>Municipal Facilities Impact Fees</u>
<b>Assets</b>				
Cash and investments	\$ 21,815	\$ 325,822	\$ 304,438	\$ 924,229
Accounts and interest receivable	41	605	572	1,722
<b>Total Assets</b>	<b><u>\$ 21,856</u></b>	<b><u>\$ 326,427</u></b>	<b><u>\$ 305,010</u></b>	<b><u>\$ 925,951</u></b>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ -	\$ -	\$ 16,382	\$ -
<b>Total Liabilities</b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>16,382</u></b>	<b><u>-</u></b>
<b>Fund Balances</b>				
Restricted:				
Capital improvement projects	21,856	326,427	288,628	925,951
<b>Total Fund Balances</b>	<b><u>21,856</u></b>	<b><u>326,427</u></b>	<b><u>288,628</u></b>	<b><u>925,951</u></b>
<b>Total Liabilities and Fund Balances</b>	<b><u>\$ 21,856</u></b>	<b><u>\$ 326,427</u></b>	<b><u>\$ 305,010</u></b>	<b><u>\$ 925,951</u></b>



CITY OF LIVINGSTON

COMBINING BALANCE SHEET  
 NONMAJOR CAPITAL PROJECTS FUNDS  
 JUNE 30, 2022

	Park Impact Fees	Streets & Storm Drain Impact Fees	General Plan Impact Fees	Total
<b>Assets</b>				
Cash and investments	\$ 67,778	\$ 694,674	\$ 256,759	\$ 2,595,515
Accounts and interest receivable	125	1,293	477	4,835
<b>Total Assets</b>	<b>\$ 67,903</b>	<b>\$ 695,967</b>	<b>\$ 257,236</b>	<b>\$ 2,600,350</b>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ 16,382
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>16,382</b>
<b>Fund Balances</b>				
Restricted:				
Capital improvement projects	67,903	695,967	257,236	2,583,968
<b>Total Fund Balances</b>	<b>67,903</b>	<b>695,967</b>	<b>257,236</b>	<b>2,583,968</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 67,903</b>	<b>\$ 695,967</b>	<b>\$ 257,236</b>	<b>\$ 2,600,350</b>

CITY OF LIVINGSTON

COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2022

	Special Revenue Funds	Capital Project Funds	Totals
<b>Revenues</b>			
Development impact fees	\$ -	\$ 34,954	\$ 34,954
Intergovernmental	1,722,963	-	1,722,963
Use of money and property	(32,119)	(23,983)	(56,102)
Other	20,609	-	20,609
<b>Total Revenues</b>	<b>1,711,453</b>	<b>10,971</b>	<b>1,722,424</b>
<b>Expenditures</b>			
Current:			
Public safety	156,947	21,383	178,330
Planning and community development	-	22,535	22,535
Public works	465,613	-	465,613
Capital outlay	416,649	53,597	470,246
<b>Total Expenditures</b>	<b>1,039,209</b>	<b>97,515</b>	<b>1,136,724</b>
Excess (deficiency) revenue over expenditures	672,244	(86,544)	585,700
<b>Other Financing Sources (Uses)</b>			
Transfers in	147,200	-	147,200
Transfers out	(312,180)	-	(312,180)
<b>Total Other Financing Sources (Uses)</b>	<b>(164,980)</b>	<b>-</b>	<b>(164,980)</b>
Net Change in Fund Balances	507,264	(86,544)	420,720
Fund Balances, Beginning of Year	3,331,011	2,670,512	6,001,523
<b>Fund Balances, End of Year</b>	<b>\$ 3,838,275</b>	<b>\$ 2,583,968</b>	<b>\$ 6,422,243</b>

CITY OF LIVINGSTON

COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
YEAR ENDED JUNE 30, 2022

	<u>Gas Tax</u>	<u>Local Transportation</u>	<u>RSTP</u>	<u>Abandoned Vehicle Abatement</u>
<b>Revenues</b>				
Intergovernmental	\$ 364,125	\$ 15,730	\$ 170,975	\$ 11,857
Use of money and property	(1,212)	96	(6,185)	(323)
Other	7,584	-	-	538
<b>Total Revenues</b>	<b>370,497</b>	<b>15,826</b>	<b>164,790</b>	<b>12,072</b>
<b>Expenditures</b>				
Current:				
Public safety	-	-	-	11,392
Public works	385,204	27,458	-	-
Capital outlay	16	-	-	9,370
<b>Total Expenditures</b>	<b>385,220</b>	<b>27,458</b>	<b>-</b>	<b>20,762</b>
Excess (deficiency) revenue over expenditures	(14,723)	(11,632)	164,790	(8,690)
<b>Other Financing Sources (Uses)</b>				
Transfers in	133,804	-	-	-
Transfers out	-	-	(243,817)	-
<b>Total Other Financing Sources (Uses)</b>	<b>133,804</b>	<b>-</b>	<b>(243,817)</b>	<b>-</b>
Net Change in Fund Balances	119,081	(11,632)	(79,027)	(8,690)
Fund Balances, Beginning of Year	70,547	15,971	922,477	104,355
<b>Fund Balances, End of Year</b>	<b>\$ 189,628</b>	<b>\$ 4,339</b>	<b>\$ 843,450</b>	<b>\$ 95,665</b>

CITY OF LIVINGSTON

COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCE  
NONMAJOR SPECIAL REVENUE FUNDS  
YEAR ENDED JUNE 30, 2022

	<u>Measure V</u>	<u>SB-1</u>	<u>Public Safety</u>	<u>Total</u>
<b>Revenues</b>				
Intergovernmental	\$ 617,531	\$ 305,363	\$ 237,382	\$ 1,722,963
Use of money and property	(12,515)	(10,885)	(1,095)	(32,119)
Other	8,000	-	4,487	20,609
<b>Total Revenues</b>	<b>613,016</b>	<b>294,478</b>	<b>240,774</b>	<b>1,711,453</b>
<b>Expenditures</b>				
Current:				
Public safety	-	-	145,555	156,947
Public works	48,751	4,200	-	465,613
Capital outlay	407,263	-	-	416,649
<b>Total Expenditures</b>	<b>456,014</b>	<b>4,200</b>	<b>145,555</b>	<b>1,039,209</b>
Excess (deficiency) revenue over expenditures	157,002	290,278	95,219	672,244
<b>Other Financing Sources (Uses)</b>				
Transfers in	13,396	-	-	147,200
Transfers out	(68,363)	-	-	(312,180)
<b>Total Other Financing Sources (Uses)</b>	<b>(54,967)</b>	<b>-</b>	<b>-</b>	<b>(164,980)</b>
Net Change in Fund Balances	102,035	290,278	95,219	507,264
Fund Balances, Beginning of Year	1,310,784	827,801	79,076	3,331,011
<b>Fund Balances, End of Year</b>	<b>\$ 1,412,819</b>	<b>\$ 1,118,079</b>	<b>\$ 174,295</b>	<b>\$ 3,838,275</b>

CITY OF LIVINGSTON

COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR CAPITAL PROJECTS FUNDS  
YEAR ENDED JUNE 30, 2022

	Amenities Impact Fees	Fire Impact Fees	Police Impact Fees	Municipal Facilities Impact Fees
<b>Revenues</b>				
Development impact fees	\$ -	\$ 3,831	\$ 6,556	\$ 9,286
Use of money and property	(201)	(3,001)	(2,831)	(8,465)
<b>Total Revenues</b>	<b>(201)</b>	<b>830</b>	<b>3,725</b>	<b>821</b>
<b>Expenditures</b>				
Current:				
Public safety	-	-	21,383	-
Planning and community development	-	3,712	-	526
Capital outlay	-	-	-	53,597
<b>Total Expenditures</b>	<b>-</b>	<b>3,712</b>	<b>21,383</b>	<b>54,123</b>
Net Change in Fund Balances	(201)	(2,882)	(17,658)	(53,302)
Fund Balances, Beginning of Year	22,057	329,309	306,286	979,253
<b>Fund Balances, End of Year</b>	<b>\$ 21,856</b>	<b>\$ 326,427</b>	<b>\$ 288,628</b>	<b>\$ 925,951</b>

CITY OF LIVINGSTON

COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALAN  
NONMAJOR CAPITAL PROJECTS FUNDS  
YEAR ENDED JUNE 30, 2022

	Park Impact Fees	Streets & Storm Drain Impact Fees	General Plan Impact Fees	Total
<b>Revenues</b>				
Development impact fees	\$ 4,923	\$ -	\$ 10,358	\$ 34,954
Use of money and property	(666)	(6,550)	(2,269)	(23,983)
<b>Total Revenues</b>	<b>4,257</b>	<b>(6,550)</b>	<b>8,089</b>	<b>10,971</b>
<b>Expenditures</b>				
Current:				
Public safety	-	-	-	21,383
Planning and community development	456	8,086	9,755	22,535
Capital outlay	-	-	-	53,597
<b>Total Expenditures</b>	<b>456</b>	<b>8,086</b>	<b>9,755</b>	<b>97,515</b>
Net Change in Fund Balances	3,801	(14,636)	(1,666)	(86,544)
Fund Balances, Beginning of Year	64,102	710,603	258,902	2,670,512
<b>Fund Balances, End of Year</b>	<b>\$ 67,903</b>	<b>\$ 695,967</b>	<b>\$ 257,236</b>	<b>\$ 2,583,968</b>

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CITY OF LIVINGSTON

SCHEDULE OF NET REVENUE AVAILABLE FOR DEBT SERVICE  
 YEAR ENDED JUNE 30, 2022

	<u>Domestic Waste Water</u>
<b>Operating Revenues</b>	
Charges for services	\$ 2,452,950
Other income	2,307,743
<b>Total Operating Revenues</b>	<u><b>4,760,693</b></u>
<b>Operating Expenses</b>	
Contract services and utilities	671,168
Personnel costs	763,152
Supplies and materials	320,718
<b>Total Operating Expenses</b>	<u><b>1,755,038</b></u>
Net Revenue	3,005,655
<b>Non- Operating Revenues</b>	
Investment income	6,620
<b>Net Non-operating Revenues</b>	<u><b>6,620</b></u>
Net Revenue Available for Debt Service	<u><u>\$ 3,012,275</u></u>
<b>Parity Obligation Debt Service</b>	
2016A Sewer Refunding Bond Debt Service	<u><u>\$ 200,000</u></u>
Parity Obligation Debt Service Rate Covenant Coverage	<u><u><b>15.06</b></u></u>



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

To the Honorable Mayor and Members of the 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, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 11, 2024.

### Report on Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2022-001, 2022-002, and 2022-003 that we consider to be material weaknesses.

### Report on Compliance and Other Matters

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



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

### **City of Livingston's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the City's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

### **Purpose of This Report**

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

*Lance, Solt & Lughard, LLP*

Sacramento, California  
March 11, 2024



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

## SCHEDULE OF FINDINGS AND RESPONSES

### **Reference Number**

2022-001 – Financial Close and Reporting

### **Evaluation of Finding**

Material Weakness

### **Criteria**

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

### **Condition**

During the audit, we found the following conditions that resulted in pervasive audit adjustments to the financial statements.

#### Accuracy in External Financial Reporting

The year-end closing process did not ensure that account balances were reconciled to internal accounting records in advance of the audit requiring a significant number of adjusting journal entries to correct the final financial statements. It appears these errors were primarily caused by the trial balance being prepared from data that was not always complete, contained errors, and appropriate year end reconciliations had not been performed.

### **Cause of Condition**

Due to the City being delayed in the completion and finalization of the fiscal year 2022 financial audit, City personnel were unable to thoroughly and accurately review the trial balance to ensure the balances were reconciled to internal accounting records.

### **Effect or Potential Effect of Condition**

The City did not have in place a systematic method for ensuring that timely and complete year end closing procedures were in operation before presenting the final trial balance to the auditors, resulting in a number of journal entries made to correct or to reclassify balances in the financial statements that had they not been recorded, would materially misstate the City's financial statements. Those adjustments have been reported and posted by the City.

### **Recommendation**

The City should put in place formalized year-end closing procedures to ensure the close is complete and reduce the number of journal entries needed and errors found internally after the closing process has been completed. We suggest management also establish effective review policies and procedures, including but not limited to, apply analytical procedures on the trial balance numbers and perform reconciliations of all significant accounts.

### **Management Response**

We agree with the finding. The City is committed to enhanced training surrounding upcoming GASB pronouncements, implementing additional year-end closing procedures, and leveraging consulting assistance as necessary to ensure the trial balance is reconciled to internal accounting records for subsequent audits.



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

## **SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)**

### **Reference Number**

2022-002 – Capital Asset Records

### **Evaluation of Finding**

Material Weakness

### **Criteria**

An important element of control over financial reporting is for management to ensure that sufficient systems and processes are in place to alleviate inaccuracies of ongoing maintenance and recording of annual capital asset activity.

### **Condition**

During the audit, the auditors identified the following condition relating to the financial accounting system of capital assets that resulted in significant audit adjustments to the financial statements.

### **Reconciling Differences between Underlying Capital Asset Records and Previously Issued Financial Statements**

The City currently utilizes a manual Excel spreadsheet for the maintenance, monitoring, and accounting for all governmental activities capital asset types and annual depreciation. By not implementing an accounting system that is integrated with the City's trial balance and general ledger, there is a significant risk of manipulation and unforeseen errors in the capital asset accounting and information. It was further noted that as a result, material capitalizable capital project expenditures from previous years were omitted from construction work in progress on prior issued Annual Comprehensive Financial Reports.

### **Cause of Condition**

The City's current capital asset accounting system is manual in nature and susceptible to manipulation and unforeseen errors.

### **Effect or Potential Effect of Condition**

Adjustments were made to accurately reflect beginning governmental activities capital asset figures, that if not corrected, would materially misstate the City's financial statements.

### **Recommendation**

Efforts should be made to integrate the capital asset records with the City's general ledger and operational accounting software.

### **Management Response**

We agree with the finding. Management will evaluate potential solutions to implement an integrated system between the City's general ledger and capital asset accounting system with the goal of having the issue remedied by June 30, 2025.



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

## **SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)**

### **Reference Number**

2022-003 – Timeliness in Financial Reporting

### **Evaluation of Finding**

Material Weakness

### **Criteria**

Financial reports are intended to meet the needs of decision makers, including the governing board, bondholders, Federal and State oversight agencies, and constituents. Accordingly, timeliness was identified as one of the characteristics of information in financial reporting in GASB Concepts Statement No. 1 of the Governmental Accounting Standards Board (GASB), Objectives of Financial Reporting. To accomplish this objective, financial reports must be available in time for informed decision making. Therefore, financial reports should be published as soon as possible after the end of the reporting period.

Sometimes the need for timeliness has to be balanced against the need for reliability, which also was identified as one of the characteristics of information in financial reporting identified in GASB Concepts Statement No. 1. While governments certainly should not sacrifice reliability for timeliness, minor gains in precision ought not to be purchased at the price of indefinite delay (e.g., accounting estimates).

Legislative deadlines for submitting financial statements should be viewed as a minimum standard rather than as an ideal objective. The same holds true for the submission deadlines used by various award programs such as the Government Finance Officers Association's (GFOA) Certificate of Achievement for Excellence in Financial Reporting Program. The additional cost of more timely financial reporting (e.g., additional staff and overtime) also needs to be considered.

### **Condition**

While conducting our audit, we noted that the City experienced difficulties and delays in accurately preparing the City's financial statements. Additionally, the City's financial statements were not ready to be issued by the required Single Audit Reporting Package deadline of March 31, 2023. As a result of these conditions, the financial statements were not available to meet the needs of decisions makers, including governing boards, bondholders, Federal and State oversight agencies, and constituents in a timely manner.

### **Cause of Condition**

The City experienced turnover in finance department personnel in addition to delays as a result of complex GASB standard implications.

### **Effect or Potential Effect of Condition**

Untimely financial statement reporting can alter the value of those financial statements to the users, as well as jeopardize relationships with bondholders, and granting agencies.

### **Recommendation**

Management should establish a well-defined process for its annual financial reporting. The process and its key attributes (e.g., overall timing, methodology, communication with component units, segregation of duties, frequency of analyses and review by City management) should be formally documented, approved, and reviewed on a regular basis. In addition, the City should develop more resources capable of assisting in the preparation of its annual financial reporting package.

### **Management Response**

We agree with the finding. The City is committed to enhanced training surrounding upcoming GASB pronouncements, implementing additional year-end closing procedures, and leveraging consulting assistance as necessary to ensure the trial balance is reconciled to internal accounting records for subsequent audits in a timely fashion. The issue is anticipated to be remedied by March 31, 2024.