



CITY COUNCIL REGULAR MEETING AGENDA MARCH 19, 2019

CLOSED SESSION: 6:00P.M. – 7:00 P.M.
OPEN SESSION: 7:00 P.M.

Notice is hereby given that the City Council will hold a Regular Meeting on March 19, 2019, at the City Council Chambers, 1416 C Street, Livingston, California. Persons with disabilities who may need assistance should contact the Deputy City Clerk at least 24 hours prior to this meeting at (209) 394-8041, Ext. 121. Any writings or documents pertaining to an Open Session item provided to a majority of the members of the legislative body less than 72 hours prior to the meeting shall be made available for public inspection at Livingston City Hall, 1416 C Street. The Open Session will begin at 7:00 p.m. the Closed Session will be held in accordance with the state law prior to the Open Session beginning at 6:30 p.m. The Closed Session will be held at the City Council Chambers Located at 1416 C Street. The agenda shall be as follows:

CLOSED SESSION

1. Call to Order
2. Roll Call

CLOSED SESSION

A "Closed" or "Executive" Session of the City Council or the Successor Agency to the Redevelopment Agency of the City of Livingston may be held in accordance with state law which may include, but is not limited to, the following types of items: personnel matters, labor negotiations, security matters, providing instructions to real property negotiators, conference with legal counsel regarding pending litigation. The Closed Session will be held in the City Council Chambers located at 1416 C Street, Livingston, California. Any public comment on Closed Session items will be taken before the Closed Session. Any required announcements or discussion of Closed Session items or actions following the Closed Session will be made in the City Council Chambers, 1416 C Street, Livingston, California.

1. Conference With Real Property Negotiator
(Government Code Section 54956.8)
Real Property:
APN: 024-154-005-000
APN: 024-153-003-000
APN: 024-153-011-000
APN: 024-147-006-000
Negotiating Parties for City: Jose Antonio Ramirez, City Manager
Under Negotiation: Potential Property Sale

2. Conference with Legal Counsel – Potential Litigation
(Government Code Section 54956.9(d)(4))
Number of Cases: 2

3. Conference with Labor Negotiator
(Government Code Section 54957.6)
Labor Negotiator: Jose Antonio Ramirez, City Manager
Employee Organizations: OE3 - Police Supervisory Employees Association.
OE3 - Management/Confidential Bargaining Unit
OE3 - Livingston Police Officer Association
AFSCME – Public Works and Parks Unit
All Represented and Unrepresented City Employees

4. Conference with Legal Counsel – Existing Litigation
(Government Code Section 54956.9(d)(1))
Name of Case: Livingston 75, L.P. vs. City of Livingston
Merced County Superior Court - Case No. 19CV-00930

REGULAR MEETING

CALL TO ORDER

Next Resolution No.: 2019-17

Next Ordinance No.: 637

Pledge of Allegiance.

Roll Call.

Closed Session Announcements.

Changes to the Agenda.

AWARDS, PRESENTATIONS, PROCLAMATIONS

Merced County Department of Public Health – 2018 Farmers Market Report.

ANNOUNCEMENTS AND REPORTS

Supervisor Rodrigo Espinoza Announcements and Reports.

City Staff Announcements and Reports.

City Manager Announcements and Reports.

City Council Members' Announcements and Reports.

Mayor's Announcements and Reports.

CITIZEN COMMENTS

This section of the agenda allows members of the public to address the City Council on any item NOT otherwise on the agenda. Members of the public, when recognized by the Mayor, should come forward to the lectern, and identify themselves. Comments are normally limited to three (3) minutes. In accordance with State Open Meeting Laws, no action will be taken by the City Council this evening. For items which are on the agenda this evening members of the public will be provided an opportunity to address the City Council as each item is brought up for discussion.

CONSENT AGENDA

Items on the Consent Calendar are considered routine or non-controversial and will be enacted by one vote, unless separate action is requested by the City Manager or City Council Member. There will be no separate discussion of these items unless members of the City Council or City Manager request that specific items be removed.

1. Approval of Warrant Register Dated March 13, 2019.
2. Adoption of Ordinance Amending Livingston Municipal Code by Revising Title 2 "Boards and Commissions," Chapter 2 "Planning Commission," Section 2-2-2, Membership and Terms of Office," to Change the membership of the Planning Commission to Allow an Additional Alternate Members.

DISCUSSION AND POTENTIAL ACTION ITEMS

3. Resolution Accepting the City of Livingston Independent Auditor's Report and Financial Statements for the Year Ended June 30, 2018, City of Livingston Local Transportation Development Act Fund Auditor's Report and Financial Statements for the Year Ended June 30, 2018 and Management Report for the Year Ended June 30, 2018.
4. Resolution Adopting a 5-Year Capital Improvement Program for Transportation Improvement Projects Funded with Measure V Local Funds and SB 1 RMRA Funding.

ADJOURNMENT

STAFF REPORT

AGENDA ITEM: Approval of Warrant Register dated March 13, 2019
MEETING DATE: March 19, 2019
PREPARED BY: Nancy Fuentes, Sr. Account Clerk
REVIEWED BY: Jose Antonio Ramirez, City Manager

RECOMMENDATION:

Approve warrant register dated March 13, 2019

DISCUSSION:

In accordance with Section 37202 of the Government Code of the State of California there is presented here with a summary of the demands against the City of Livingston covering obligations to be paid during the period of:

March 5, 2019 – March 19, 2019

Each demand has been audited and I hereby certify to their accuracy and that there are sufficient funds for their payment as of this date.

**IT IS HEREBY RECOMMENDED THE CITY COUNCIL
APPROVE THE REGISTER OF DEMANDS AS FOLLOWS:**

GENERAL WARRANTS.....	\$	1,029,905.48	#92403-92487
PAYROLL WARRANTS.....	\$	157,004.02	#40738-40790
TOTAL WARRANTS.....	\$	1,186,909.50	

ATTACHMENTS:

Accounts payable checks by date, detail by check number register.

Accounts Payable

Checks by Date - Summary by Check Date

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Check No	Vendor No	Vendor Name	Check Date	Check Amount
92403	Bradshaw	Chuck Bradshaw	02/28/2019	834.87
92404	familySU	California State	02/28/2019	2,499.40
92405	rasmussd	Danna Rasmussen	02/28/2019	631.66
92406	TRUEVAL	Livingston True Value	02/28/2019	2,458.10
Total for 2/28/2019:				6,424.03
92407	GARCMELA	Melanie Garcia	03/07/2019	612.50
92408	gouveia	Gouveia Engineering Inc.	03/07/2019	74,488.66
92409	NelsonEn	Nelson Enviro, LLC.	03/07/2019	2,200.00
92410	ramire	Alvaro Ramirez	03/07/2019	379.00
92411	livfarm	Valley Farm Supply Stores Inc.	03/07/2019	802.64
Total for 3/7/2019:				78,482.80
92412	A&APORTA	A & A Portables Inc.	03/19/2019	466.24
92413	Abrams	Jay Abrams	03/19/2019	50.00
92414	abs	ABS Direct, Inc.	03/19/2019	7,251.12
92415	SPRINGBR	ACCELA, INC. #774375	03/19/2019	1,146.00
92416	ashby	Adams Ashby Group, Inc.	03/19/2019	3,942.50
92417	agserv	Agserv Western Sales Inc.	03/19/2019	37.09
92418	sharpen	Michael Bartholomew	03/19/2019	273.70
92419	belkorp	Belkorp Ag, LLC	03/19/2019	521.85
92420	amigos	Between Friends/Entre Amigos	03/19/2019	300.00
92421	BigCreek	Big Greek	03/19/2019	127.52
92422	Boisemob	Boise Mobile Equipment, Inc.	03/19/2019	226,256.25
92423	brenntag	Brenntag Pacific Inc.	03/19/2019	1,711.68
92424	bsk	BSK Associates	03/19/2019	150.00
92425	CALJUST	Calif. Dept of Justice	03/19/2019	1,876.98
92426	CenCalHo	CenCal Holdings Inc.	03/19/2019	1,863.90
92427	CVC	Central Valley Concrete Inc.	03/19/2019	538.75
92428	charter	Charter Communications	03/19/2019	169.20
92429	chiefsup	Chief Supply Corp.	03/19/2019	116.49
92430	cityliv	City of Livingston c/o L & L Dist. Irrigation	03/19/2019	4,438.34
92431	collinss	Collins & Schoettler Planning Consultants,	03/19/2019	10,000.00
92432	MOVING	DEPARTMENT 6180 ComTech21	03/19/2019	36.55
92433	CONSOLID	Consolidated Electric Dist Inc	03/19/2019	578.75
92434	cooling	Cooling Shedd Air Conditioning	03/19/2019	959.58
92435	CruzArac	Araceli Cruz	03/19/2019	150.00
92436	ELITEUNI	ELITE UNIFORM	03/19/2019	94.35
92437	EZAUTO	EZ Auto Supply - Napa	03/19/2019	59.75
92438	UB*01700	CHRISTOPHER & NATALIE FARINELLI	03/19/2019	60.00
92439	frontier	Frontier	03/19/2019	1,832.85
92440	GILTON	Gilton Solid Waste	03/19/2019	84,362.60
92441	GOLDENST	Golden State Rentals Inc.	03/19/2019	2,437.42
92442	GreatAme	GreatAmerica Financial Svcs.	03/19/2019	116.79
92443	USABLUE	HD Supply Facilities Maint LTD	03/19/2019	313.08

Check No	Vendor No	Vendor Name	Check Date	Check Amount
92444	Hewlett	Hewlett-Packard Financial Services Co.	03/19/2019	1,133.84
92445	Imagesou	Image Source	03/19/2019	378.85
92446	interbat	Interstate Batteries	03/19/2019	393.03
92447	jlanal	J L Analytical Services Inc.	03/19/2019	267.00
92448	jolley	Bryant L. Jolley	03/19/2019	38,100.00
92449	JORGENSE	Jorgensen & Company	03/19/2019	164.48
92450	kimball	Kimball Midwest	03/19/2019	196.47
92451	krazan	Krazan & Associates Inc.	03/19/2019	1,435.00
92452	Kynmar	Kynmar Ready Mix	03/19/2019	1,626.73
92453	larue	La Rue Communications	03/19/2019	1,061.00
92454	language	Language Line Services	03/19/2019	366.60
92455	LIEBERT	Liebert Cassidy Whitmore	03/19/2019	105.00
92456	loprest	Loprest Water Treatment Co.	03/19/2019	465,438.50
92457	MERCOMM	Merced Pest Control	03/19/2019	160.00
92458	Merchant	Pearlie Merchant	03/19/2019	60.59
92459	MISSION	Mission Linen Supply	03/19/2019	443.37
92460	modestow	Modesto Welding Products	03/19/2019	14.00
92461	N&S	N & S Tractor	03/19/2019	184.33
92462	NEXTEL	Nextel Communications	03/19/2019	1,529.56
92463	Officede	Office Depot	03/19/2019	703.34
92464	oreillya	O'Reilly Automotive Store Inc.	03/19/2019	391.47
92465	PGE	Pacific Gas & Electric Company	03/19/2019	37,435.76
92466	PARAMOUN	Paramount Pest Control Inc.	03/19/2019	126.00
92467	village	Albert Pourkaldani	03/19/2019	204.00
92468	RAHN	Jeremy Rahn	03/19/2019	80.00
92469	IKONFIN	Ricoh USA Inc.	03/19/2019	502.14
92470	ROBERTS	Rhonda Roberts	03/19/2019	140.00
92471	workwell	Romeo Medical Clinic Inc.	03/19/2019	99.00
92472	saenz	Saenz Pest Control Inc.	03/19/2019	125.00
92473	SAFETLIT	Safe T Lite of Modesto Inc.	03/19/2019	823.93
92474	SandoMar	Martha Sandoval	03/19/2019	150.00
92475	SW	Silver & Wright LLP	03/19/2019	20,635.35
92476	SWRCB1	SWRCB- Wastewater Operator Certificatio	03/19/2019	95.00
92477	targetsp	Target Specialty Products	03/19/2019	53.55
92478	TESCO	Tesco Controls Inc.	03/19/2019	5,000.00
92479	USBANK1	U.S. Bank Equipment Finance	03/19/2019	2,278.44
92480	UPS	United Parcel Service	03/19/2019	7.40
92481	VALLCOFF	VALLEY COFFEE	03/19/2019	64.75
92482	Verakenn	Kenny Vera	03/19/2019	150.00
92483	VERIZON	Verizon Wireless	03/19/2019	197.04
92484	UB*01808	Heriberto Villareal	03/19/2019	47.80
92485	BRESHEAR	W.H. Breshears, Inc.	03/19/2019	5,965.16
92486	WGRSOUTH	WGR SOUTHWEST, INC.	03/19/2019	3,467.96
92487	xerox	Xerox Financial Services	03/19/2019	957.88

Total for 3/19/2019: 944,998.65

Report Total (85 checks): 1,029,905.48

STAFF REPORT

AGENDA ITEM: Adoption of Ordinance Amending Livingston Municipal Code by Revising Title 2 “Boards and Commissions,” Chapter 2 “Planning Commission,” Section 2-2-2, “Membership and Terms of Office,” to change the Membership of the Planning Commission to Allow An Additional Alternate Members

MEETING DATE: March 19, 2019

PREPARED BY: Jose M. Sanchez, City Attorney

REVIEWED BY: Jose Antonio Ramirez, City Manager

RECOMMENDATION:

Waive the second reading and Adopt Ordinance No.637, amending Livingston Municipal Code by Revising Title 2 “Boards and Commissions,” Chapter 2 “Planning Commission,” Section 2-2-2, “Membership and Terms of Office,” to change the Membership of the Planning Commission to Allow An Additional Alternate Members.

BACKGROUND:

The City Council directed staff to prepare an ordinance that would amend the Livingston Municipal Code to allow for the appointment of an additional alternate Planning Commissioner to the Livingston Planning Commission. On March 5, 2019, at its regularly scheduled Council meeting, the City Council waived the first reading and introduced the Ordinance.

DISCUSSION:

The proposed ordinance will amend the Livingston Municipal Code to grant the City Council the authority to appoint two (2) alternate Planning Commissioners to the Livingston Planning Commission. Having two (2) alternate Planning Commissioners will help ensure that the Planning Commission will have a quorum for Planning Commission meetings. Additionally, staff will update the City’s Planning Commission policies and procedures to reflect that there will be two (2) Alternate Planning Commissioners, and to also address the issue of which Alternate Planning Commissioner may participate in a Planning Commission meeting if there is only one absence.

ATTACHMENTS:

1. Ordinance No.637

ORDINANCE NO.637

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF LIVINGSTON AMENDING TITLE 2 “PLANNING COMMISSION,” CHAPTER 2 “PLANNING COMMISSION,” SECTION 2, OF THE LIVINGSTON MUNICIPAL CODE TO INCREASE THE NUMBER OF ALTERNATE PLANNING COMMISSIONERS TO TWO (2)

WHEREAS, the City of Livingston Municipal Code establishes the number of Planning Commissioners and Alternate Planning Commissioners; and

WHEREAS, the City of Livingston Municipal Code currently establishes the number of Planning Commissioners at five (5), and the number of Alternate Planning Commissioner at one (1); and

WHEREAS, the City Council of the City of Livingston has evaluated and determined that increasing the number of Alternate Planning Commissioners to two (2) will increase the effectiveness of the Planning Commission by helping ensure there is a quorum for Planning Commission Meetings; and

WHEREAS, the City Council of the City of Livingston now desires to amend the Livingston Municipal Code to establish the number of Alternate Planning Commissioners to two (2).

THE CITY COUNCIL OF THE CITY OF LIVINGSTON DOES ORDAIN AS FOLLOWS:

SECTION 1. AMENDMENT

Title 2 “BOARDS AND COMMISSIONS,” Chapter 2 “PLANNING COMMISSION,” Section 2, of the Livingston Municipal Code, shall be amended to read as follows:

“2-2-2: MEMBERSHIP AND TERMS OF OFFICE:

(A) Membership And Compensation: The planning commission shall consist of five (5) members and ~~one~~ two (2) alternates appointed by majority vote of the city council. The alternate members may participate, but may not vote on an item before the planning commission unless a planning commissioner is absent or is disqualified due to an expressed conflict of interest. All members shall be qualified electors of the city. The compensation of the planning commission shall be established by resolution of the city council.

(B) Terms: Terms of office of the members of the planning commission are for a period of four (4) years or until their successors are appointed and such terms are staggered with terms of one member of the planning commission expiring each year, except that every fourth year the terms of two (2) members expire. Terms expire December 31 of each year.

(C) Chairperson And Vice Chairperson: The planning commission shall rotate the positions of chair and vice chairperson among the appointed members. Officers hold offices for one year, or until their successors are appointed. Terms expire on December 31 of each year.”

SECTION 2. SEVERABILITY

If any provision of this Ordinance or the application thereof to any person or circumstance, is held invalid, the remainder of the Ordinance, including the application of such part or provision to other persons or circumstances shall not be affected thereby and shall continue in full force and effect. To this end, provisions of this Ordinance are severable. The City Council hereby declares that it would have passed each section, subsection, subdivision, paragraph, sentence, clause or phrase hereof irrespective of the fact that any one or more sections, subsections, subdivisions, paragraphs, sentences, clauses, or phrases be held unconstitutional, invalid or unenforceable.

SECTION 3. EFFECTIVE DATE

This Ordinance shall become effective thirty (30) days after its final passage and adoption.

Introduced: March 05, 2019

Passed and Adopted:

Gurpal Samra, Mayor
of the City of Livingston

ATTEST:

State of California)
County of Merced)
City of Livingston)

I, hereby certify that the foregoing Ordinance was duly introduced at a Regular Meeting of the City Council of the City of Livingston on the 05th day of March, 2019, and was passed and adopted at a Regular Meeting of the City Council of the City of Livingston this ___ day of March, 2019, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Danna Rasmussen, Deputy City Clerk
of the City of Livingston

3197823.1

STAFF REPORT

AGENDA ITEM: Accept the City of Livingston Independent Auditor's Report and Financial Statements for the Year Ended June 30, 2018, City of Livingston Local Transportation Development Act Fund Auditor's Report and Financial Statements for the Year Ended June 30, 2018 and Management Report for the Year Ended June 30, 2018.

MEETING DATE: March 19, 2019

PREPARED BY: Brad Grant – Interim Finance Director

REVIEWED BY: Jose Antonio Ramirez, City Manager

RECOMMENDATION:

City Council accept the City of Livingston Independent Auditor's Report and Financial Statements for the year ended June 30, 2018, City of Livingston Local Transportation Development Act Fund Auditor's Report and Financial Statements for the year ended June 30, 2018 and Management Report for the year ended June 30, 2018.

BACKGROUND:

State Law requires all general-purpose local governments publish a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with Government Auditing Standards by a firm of licensed independent Certified Public Accountants. Pursuant to the requirement, staff hereby submits the required reports.

DISCUSSION:

I am pleased to report that none of the reports contained any findings and the audit reports are unqualified (clean) audit opinions.

ATTACHMENTS:

1. City of Livingston – Independent Auditor's Report and Financial Statements for the year ended June 30, 2018
2. City of Livingston Local Transportation Development Act Fund – Independent Auditor's Report and Financial Statements for the year ended June 30, 2018
3. City of Livingston – Management Report for the year ended June 30, 2018

CITY OF LIVINGSTON

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

JUNE 30, 2018

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Livingston, California, (the City) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Livingston, California, as of June 30, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City’s basic financial statements. The combining nonmajor fund financial statements on pages 51 - 58 and the schedule of net revenue available for debt service on page 59 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 26, 2019, on our consideration of the City of Livingston’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Livingston’s internal control over financial reporting and compliance.

A handwritten signature in black ink, appearing to be 'A. J. ...', is written over a faint, illegible printed name.

February 26, 2019

CITY OF LIVINGSTON

STATEMENT OF NET POSITION JUNE 30, 2018

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments	\$ 7,825,996	\$ 9,767,352	\$ 17,593,348
Accounts and interest receivable, net	157,251	935,575	1,092,826
Taxes receivable	403,077	-	403,077
Due from other governments	573,410	142,335	715,745
Notes and loans receivable	2,129,784	250,000	2,379,784
Prepaid expense	10,250	134,225	144,475
Capital assets, net of allowance for depreciation	<u>14,528,285</u>	<u>24,108,339</u>	<u>38,636,624</u>
Total assets	<u>25,628,053</u>	<u>35,337,826</u>	<u>60,965,879</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>1,746,432</u>	<u>309,492</u>	<u>2,055,924</u>
LIABILITIES			
Accounts payable and accrued expenses	734,506	912,867	1,647,373
Accrued interest payable	-	90,540	90,540
Deposits	527,114	96,039	623,153
Long-term liabilities			
Due within one year	-	238,898	238,898
Due in more than one year	-	8,474,959	8,474,959
Net OPEB liability	1,935,406	611,181	2,546,587
Net pension liability	4,839,224	912,614	5,751,838
Compensated absences	396,241	72,076	468,317
Total liabilities	<u>8,432,491</u>	<u>11,409,174</u>	<u>19,841,665</u>
DEFERRED INFLOWS OF RESOURCES	<u>446,314</u>	<u>79,192</u>	<u>525,506</u>
NET POSITION			
Net investment in capital assets	14,528,285	15,394,482	29,922,767
Restricted for debt service	-	451,850	451,850
Restricted for capital improvements	2,854,455	7,110,560	9,965,015
Restricted for noncurrent receivables	2,140,034	-	2,140,034
Restricted for specific projects and programs	1,710,901	-	1,710,901
Unrestricted/(deficit)	<u>(2,737,995)</u>	<u>1,202,060</u>	<u>(1,535,935)</u>
Total net position	<u>\$ 18,495,680</u>	<u>\$ 24,158,952</u>	<u>\$ 42,654,632</u>

CITY OF LIVINGSTON
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2018

Functions/Programs	Program Revenue			Net Revenue/(Expense) and Changes in Net Position			
	Expense	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary Government							
Governmental activities							
General government	\$ 1,659,914	\$ -	\$ 221,836	\$ 73,653	\$ (1,364,425)	\$ -	\$ (1,364,425)
Parks and community services	923,891	126,128	687	-	(797,076)	-	(797,076)
Public safety	3,693,431	66,769	473,089	-	(3,153,573)	-	(3,153,573)
Public works	2,600,880	-	1,007,472	-	(1,593,408)	-	(1,593,408)
Planning and community development	917,099	940,701	287,548	757,790	1,068,940	-	1,068,940
Total governmental activities	9,856,200	1,133,598	1,990,632	831,443	(5,900,527)	-	(5,900,527)
Business-type activities							
Water	2,367,651	3,641,276	9,221	405,484	-	1,688,330	1,688,330
Sanitation	1,179,803	1,396,597	5,000	13,230	-	235,024	235,024
Domestic Sewer	1,894,393	2,078,675	-	202,682	-	386,964	386,964
Industrial Sewer	1,198	2,088	-	-	-	890	890
Total business-type activities	5,443,045	7,118,636	14,221	621,396	-	2,311,208	2,311,208
Total primary government	\$ 15,299,245	\$ 8,252,234	\$ 2,004,853	\$ 1,452,839	(5,900,527)	2,311,208	(3,589,319)
General Revenue							
Property taxes, levied for general purposes					4,289,757	-	4,289,757
Business licenses & transient occupancy tax					178,258	-	178,258
Franchise tax					301,160	-	301,160
Sales tax					1,378,145	-	1,378,145
Investment income					132,015	114,837	246,852
Other revenues					140,507	149,938	290,445
Transfers					30,628	(30,628)	-
Total general revenue					6,450,470	234,147	6,684,617
Change in Net Position					549,943	2,545,355	3,095,298
Net Position							
Beginning of year, as restated					17,945,737	21,613,597	39,559,334
End of year					\$ 18,495,680	\$ 24,158,952	\$ 42,654,632

See accompanying notes.

CITY OF LIVINGSTON

BALANCE SHEET – GOVERNMENTAL FUNDS

JUNE 30, 2018

	General	Maintenance Districts	Program Income	Non-Major Governmental Funds	Total Governmental Funds
ASSETS					
Cash and investments	\$ 3,051,883	\$ 1,519,462	\$ 28,990	\$ 3,225,661	\$ 7,825,996
Accounts and interest receivable	143,884	4,802	104	8,461	157,251
Taxes receivable	403,077	-	-	-	403,077
Due from other governments	131,769	147,011	-	294,630	573,410
Notes and loans receivable	8,408	500,000	1,621,376	-	2,129,784
Due from other funds	14,970	-	-	-	14,970
Prepaid expense	10,250	-	-	-	10,250
Total assets	<u>\$ 3,764,241</u>	<u>\$ 2,171,275</u>	<u>\$ 1,650,470</u>	<u>\$ 3,528,752</u>	<u>\$ 11,114,738</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE					
Liabilities					
Accounts payable and accrued expense	\$ 593,184	\$ 59,825	\$ -	\$ 81,497	\$ 734,506
Due to other funds	-	-	-	14,970	14,970
Deposits	18,283	477,273	-	31,558	527,114
Total liabilities	<u>611,467</u>	<u>537,098</u>	<u>-</u>	<u>128,025</u>	<u>1,276,590</u>
Deferred inflows of resources					
Unavailable revenues	-	-	1,621,376	-	1,621,376
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>1,621,376</u>	<u>-</u>	<u>1,621,376</u>
Fund Balance					
Nonspendable					
Notes and loans receivable	8,408	500,000	-	-	508,408
Prepaid expense	10,250	-	-	-	10,250
Restricted					
Capital improvement projects	-	-	-	1,734,482	1,734,482
Circulation improvements	-	-	-	1,119,973	1,119,973
Lighting, landscape & park maintenance	-	1,134,177	-	-	1,134,177
Public safety programs	-	-	-	141,233	141,233
Low-income housing activities	-	-	29,094	406,397	435,491
Unassigned	3,134,116	-	-	(1,358)	3,132,758
Total fund balance	<u>3,152,774</u>	<u>1,634,177</u>	<u>29,094</u>	<u>3,400,727</u>	<u>8,216,772</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 3,764,241</u>	<u>\$ 2,171,275</u>	<u>\$ 1,650,470</u>	<u>\$ 3,528,752</u>	<u>\$ 11,114,738</u>

CITY OF LIVINGSTON

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE TO THE STATEMENT OF NET POSITION JUNE 30, 2018

Total governmental fund balance	\$ 8,216,772
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Notes receivable are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds	1,621,376
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds	14,528,285
Post-retirement health benefits are not due and payable in the current period and, therefore, are not reported in the governmental funds	(1,935,406)
Deferred outflows of resources related to net pension liability, represent a consumption of net position or fund balance that applies to future period(s) and so will not be recognized as an outflow of resources (expenses) until that time	1,746,432
Net pension liability applicable to governmental activities is not due and payable in the current period and accordingly is not reported in the governmental funds	(4,839,224)
Deferred inflows of resources related to net pension liability, represent an acquisition of net position or fund balance that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time	(446,314)
Compensated absences are not due and payable in the current period and, therefore, are not reported in the governmental funds	<u>(396,241)</u>
Net position of governmental activities	<u>\$ 18,495,680</u>

CITY OF LIVINGSTON

STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE – GOVERNMENTAL FUNDS YEAR ENDED JUNE 30, 2018

	General	Maintenance Districts	Program Income	Non-Major Governmental Funds	Total Governmental Funds
Revenue					
Taxes	\$ 4,738,889	\$ -	\$ -	\$ -	\$ 4,738,889
Licenses and permits	553,535	-	-	-	553,535
Intergovernmental	680,651	26,316	-	1,284,514	1,991,481
Charges for services	388,434	-	-	-	388,434
Fines and forfeitures	191,684	-	-	-	191,684
Development impact fees	-	-	-	953,616	953,616
Maintenance assessments	-	1,394,435	-	-	1,394,435
Loan payments	-	-	1,278	-	1,278
Investment income	84,643	25,816	315	21,228	132,002
Other	126,884	14,310	-	40,294	181,488
Total revenue	<u>6,764,720</u>	<u>1,460,877</u>	<u>1,593</u>	<u>2,299,652</u>	<u>10,526,842</u>
Expenditures					
Current					
General government	772,959	-	-	-	772,959
Parks and community services	783,348	-	-	-	783,348
Public safety	3,294,122	-	-	134,731	3,428,853
Public works	540,694	1,276,334	-	514,388	2,331,416
Planning and community development	835,872	-	-	81,860	917,732
Capital outlay	188,162	44,903	-	132,889	365,954
Total expenditures	<u>6,415,157</u>	<u>1,321,237</u>	<u>-</u>	<u>863,868</u>	<u>8,600,262</u>
Revenue over/(under) expenditures	349,563	139,640	1,593	1,435,784	1,926,580
Other Financing Sources/(Uses)					
Transfers in	117,382	44,671	-	150,301	312,354
Transfers out	-	(11,099)	-	(270,627)	(281,726)
Total other financing sources/(uses)	<u>117,382</u>	<u>33,572</u>	<u>-</u>	<u>(120,326)</u>	<u>30,628</u>
Change in Fund Balance	466,945	173,212	1,593	1,315,458	1,957,208
Fund Balance					
Beginning of year	2,685,829	1,460,965	27,501	2,085,269	6,259,564
End of year	<u>\$ 3,152,774</u>	<u>\$ 1,634,177</u>	<u>\$ 29,094</u>	<u>\$ 3,400,727</u>	<u>\$ 8,216,772</u>

CITY OF LIVINGSTON

RECONCILIATION OF STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES YEAR ENDED JUNE 30, 2018

Net change in fund balance - total governmental funds \$ 1,957,208

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

Depreciation expense on capital assets is reported in the Statement of
Activities, but it does not require the use of current financial
resources, therefore, depreciation expense is not reported as
expenditures in the Governmental Funds (565,213)

Governmental Funds report capital outlay as expenditures. However,
in the Statement of Activities the cost of those assets are capitalized
as an asset and depreciated over the period of service 365,954

Post-retirement benefit costs in the Statement of Activities do not
require the use of current financial resources and, therefore,
are not reported as expenditures in the Governmental Funds 64,297

Repayment of long-term notes receivable is revenue in governmental
funds, but the repayment reduces long-term assets in the statement
of net position (151,336)

Pension expenses reported in the Statement of Activities do not require
the use of current financial resources and, therefore, are not reported
as expenditures in the Governmental Funds (1,058,603)

Compensated absence costs in the Statement of Activities do not
require the use of current financial resources and, therefore, are
not reported as expenditures in the Governmental Funds (62,364)

Change in net position of governmental activities \$ 549,943

CITY OF LIVINGSTON

**STATEMENT OF REVENUE, EXPENSES AND CHANGES IN FUND NET POSITION - PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2018**

	Business-Type Activities - Enterprise Funds				Total Proprietary Funds
	Water	Sanitation	Domestic Waste Water	Industrial Waste Water	
Operating Revenue					
Charges for services	\$ 3,641,276	\$ 1,396,597	\$ 2,075,866	\$ 2,088	\$ 7,115,827
Other income	82,344	17,969	52,434	-	152,747
Total operating income	<u>3,723,620</u>	<u>1,414,566</u>	<u>2,128,300</u>	<u>2,088</u>	<u>7,268,574</u>
Operating Expense					
Contractual services and utilities	780,427	969,378	373,698	-	2,123,503
Personnel	675,032	180,600	540,555	-	1,396,187
Supplies and materials	476,829	29,355	321,211	-	827,395
Depreciation	415,015	470	393,801	1,198	810,484
Total operating expense	<u>2,347,303</u>	<u>1,179,803</u>	<u>1,629,265</u>	<u>1,198</u>	<u>5,157,569</u>
Operating income/(loss)	<u>1,376,317</u>	<u>234,763</u>	<u>499,035</u>	<u>890</u>	<u>2,111,005</u>
Nonoperating Revenue/(Expense)					
Development impact fees	206,032	-	192,984	-	399,016
Intergovernmental	208,669	14,702	13,230	-	236,601
Investment income	86,311	7,549	20,977	-	114,837
Interest expense	(20,348)	-	(265,128)	-	(285,476)
Total nonoperating revenue/(expense)	<u>480,664</u>	<u>22,251</u>	<u>(37,937)</u>	-	<u>464,978</u>
Other Financing Sources/(Uses)					
Transfer out	-	-	(30,628)	-	(30,628)
Total other financing sources/(uses)	-	-	<u>(30,628)</u>	-	<u>(30,628)</u>
Change in Net Position	<u>1,856,981</u>	<u>257,014</u>	<u>430,470</u>	<u>890</u>	<u>2,545,355</u>
Net Position					
Beginning of year, as restated	17,598,303	572,755	4,515,649	(1,073,110)	21,613,597
End of year	<u>\$ 19,455,284</u>	<u>\$ 829,769</u>	<u>\$ 4,946,119</u>	<u>\$ (1,072,220)</u>	<u>\$ 24,158,952</u>

See accompanying notes.

CITY OF LIVINGSTON

**COMBINING STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2018**

	Business-Type Activities - Enterprise Funds					Total
	Water	Sanitation	Domestic Waste Water	Industrial Waste Water	Proprietary Funds	
Operating Activities						
Receipts from customers and users	\$ 3,480,269	\$ 1,395,525	\$ 2,102,141	\$ 2,088	\$ 6,980,023	
Payment to suppliers of goods and services	(1,177,704)	(1,002,326)	(547,827)	-	(2,727,857)	
Payment to employees	(675,526)	(175,667)	(523,496)	-	(1,374,689)	
Net cash provided (used) by operating activities	1,627,039	217,532	1,030,818	2,088	2,877,477	
Non-capital Financial Activities						
Payments from other governments	208,665	14,702	-	-	223,367	
Payments received from (paid to) other funds	2,088	-	(30,628)	(2,088)	(30,628)	
Payments from developers	206,036	-	192,987	-	399,023	
Net cash provided (used) by noncapital financing activities	416,789	14,702	175,589	(2,088)	604,992	
Capital and Related Financing Activities						
Purchase of property, plant and equipment	(412,872)	(13,346)	(222,485)	-	(648,703)	
Principal paid on long-term debt	(125,397)	-	(181,822)	-	(307,219)	
Interest paid on long-term debt	(31,103)	-	(266,878)	-	(297,981)	
Net cash provided (used) in capital and related financing activities	(569,372)	(13,346)	(671,185)	-	(1,253,903)	
Investing Activities						
Interest received	86,311	7,549	20,977	-	114,837	
Net cash provided by investing activities	86,311	7,549	20,977	-	114,837	
Net Increase (Decrease) in Cash	1,560,767	226,437	556,199	-	2,343,403	
Cash						
Beginning of year	6,120,312	699,563	604,074	-	7,423,949	
End of year	7,681,079	926,000	1,160,273	-	9,767,352	
Cash Flows from Operating Activities						
Operating income (loss)	\$ 1,376,317	\$ 234,763	\$ 499,035	\$ 890	\$ 2,111,005	
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation		470	393,801	1,198	810,484	
(Increase) Decrease in Accounts Receivable	415,015	(19,041)	(26,162)	-	(286,923)	
(Increase) Decrease in Prepaids	(241,720)	-	(134,225)	-	(375,945)	
(Increase) Decrease in Deferred Outflows of Resources	(61,530)	(16,012)	(45,862)	-	(123,404)	
Increase (Decrease) in Accounts Payable and Accrued Liabilities	79,552	(3,596)	281,310	-	357,266	
Increase (Decrease) in Deposits	(1,631)	-	-	-	(1,631)	
Increase (Decrease) in Compensated Absences	(18,884)	(263)	3,542	-	(15,605)	
Increase (Decrease) in Deferred Inflows of Resources	(3,001)	(810)	(2,222)	-	(6,033)	
Increase (Decrease) in Net OPEB Liability	21,420	5,354	16,061	-	42,835	
Increase (Decrease) in Net Pension Liability	61,501	16,667	45,540	-	123,708	
Net Cash Provided (Used) by Operating Activities	\$ 1,627,039	\$ 217,532	\$ 1,030,818	\$ 2,088	\$ 2,877,477	

See accompanying notes.

CITY OF LIVINGSTON

STATEMENT OF FIDUCIARY NET POSITION PRIVATE-PURPOSE TRUST FUND – SUCCESSOR AGENCY JUNE 30, 2018

Assets

Cash and investments	\$ 25,399
Total assets	<u>25,399</u>

Liabilities

Accounts payable and accrued liabilities	<u>256</u>
Total liabilities	<u>256</u>

Net Position

Held in trust for other governments	<u>\$ 25,143</u>
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CITY OF LIVINGSTON

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PRIVATE-PURPOSE TRUST FUND – SUCCESSOR AGENCY
JUNE 30, 2018**

Additions

Transfer from City	\$ 175,000
Total additions	<u>175,000</u>

Deductions

Program expenses	<u>175,000</u>
Total deductions	<u>175,000</u>

Change In Net Position

-

Net Position

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

CITY OF LIVINGSTON

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2018

Note 1 – Summary of Significant Accounting Policies

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

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

Reporting Entity

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

Basis of Presentation – Fund Accounting

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

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

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

CITY OF LIVINGSTON

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2018

Note 1 – Summary of Significant Accounting Policies (Continued)

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

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

The City reports the following major governmental funds:

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

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

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

The City reports the following major enterprise funds:

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

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

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

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

The City reports the following additional fund types:

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

CITY OF LIVINGSTON

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2018

Note 1 – Summary of Significant Accounting Policies (Continued)

Basis of Accounting

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

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

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

Financial Statement Amounts

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

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

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

CITY OF LIVINGSTON

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2018

Note 1 – Summary of Significant Accounting Policies (Continued)

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

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

The City is permitted by Article XIII A of the State of California Constitution (known as Proposition 13) to levy a maximum tax of \$1.00 per \$100 of full cash value.

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

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

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

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

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

CITY OF LIVINGSTON

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2018

Note 1 – Summary of Significant Accounting Policies (Continued)

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

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

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

Compensated Absences – Accumulated unpaid vacation benefits are accrued as a liability as the benefits are earned. The entire compensated absence liability is reported on the government-wide financial statements as long-term debt. For governmental funds, the current portion of unpaid compensated absences is recognized upon the occurrence of relevant events such as employee resignations and retirements that occur prior to year end that have not yet been paid with expendable available financial resources. These amounts are reported in the fund from which the employees who have accumulated leave are paid.

Sick leave is accumulated without limit for each employee at the rate of one day for each month worked. Leave with pay is provided when employees are absent for health reasons. In the event of termination, the employee is paid 50% of accrued sick leave. Therefore, 50% of accumulated sick leave is recognized as a liability in the City's financial statements.

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

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

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

CITY OF LIVINGSTON

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2018

Note 1 – Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

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

CITY OF LIVINGSTON

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2018

Note 1 – Summary of Significant Accounting Policies (Continued)

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

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

Note 2 – Stewardship, Compliance and Accountability

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

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

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

CITY OF LIVINGSTON

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2018

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, 2018 are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and Investments	\$ 17,593,348
Fiduciary Funds:	
Cash and Investments	<u>25,399</u>
Total Cash and Investments	<u>\$ 17,618,747</u>

Cash and investments as of June 30, 2018 consist of the following:

Cash on hand	\$ 3,199
Deposits with Financial Institutions	4,775,441
Local Agency Investment Fund	8,073,461
CSJVRMA Investment Pool	241,153
Money Market Mutual Funds	4,275,493
Certificates of Deposit	<u>250,000</u>
Total Cash and Investments	<u>\$ 17,618,747</u>

CITY OF LIVINGSTON

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

Note 3 – Cash and Investments (Continued)

Fair Value Measurements

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

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

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

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

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

The City had the following recurring fair value measurements as of June 30, 2018:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>June 30, 2018 Balance</u>
Investments by fair value level:				
Equity Securities:				
CSJVRMA Investment Pool	\$ -	\$ 241,153	\$ -	\$ 241,153
LAIF	-	<u>8,073,461</u>	-	<u>8,073,461</u>
Total Equity Securities	-	<u>8,314,614</u>	-	<u>8,314,614</u>
Investments carried at amortized cost:				
Bank Deposits and Cash on Hand				4,778,640
Certificate of Deposits				250,000
Money Market Mutual Funds				<u>4,275,493</u>
Total Investments amortized at cost				<u>9,304,133</u>
Total Investments				<u>\$ 17,618,747</u>

CITY OF LIVINGSTON

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2018

Note 3 – Cash and Investments (Continued)

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

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

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

Disclosures Relating to Interest Rate Risk

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

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

CITY OF LIVINGSTON

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

Note 3 – Cash and Investments (Continued)

Disclosures Relating to Interest Rate Risk (Continued)

<u>Investment Type</u>	<u>12 Months or less</u>	<u>13 to 24 Months</u>	<u>25 to 84 Months</u>	<u>Total</u>
LAIF	\$ 8,073,461	\$ -	\$ -	\$ 8,073,461
CSJVRMA Investment Pool	241,153	-	-	241,153
Money Market Mutual Funds	4,275,493	-	-	4,275,493
Certificates of Deposit	250,000	-	-	250,000
Total Investments	<u>\$12,840,107</u>	<u>\$ -</u>	<u>\$ -</u>	12,840,107
Cash in bank and on hand				4,778,640
Total Cash and Investments				<u>\$ 17,618,747</u>

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, 2018 for each investment type:

	<u>Total</u>
Not rated:	
LAIF	\$ 8,073,461
CSJVRMA Investment Pool	241,153
Money Market Mutual Funds	4,275,493
Certificates of Deposit	250,000
Cash in bank and on hand	4,778,640
Total Cash and Investments	<u>\$ 17,618,747</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.

CITY OF LIVINGSTON

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2018

Note 3 – Cash and Investments (Continued)

Custodial Credit Risk

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

As of June 30, 2018, the carrying amount of the City's bank deposits was \$4,320,822, and the respective bank balances totaled \$4,657,757. Of the bank balances \$250,000 is insured through the Federal Deposit Insurance Company. The remaining balance is to be collateralized by the bank.

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

Investment in State Investment Pool

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

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

The City holds investments in the SJCVRMA Pool that are subject to being adjusted to "fair value". The City is required to disclose methods and assumptions used to estimate the fair value of its holdings in the SJCVRMA Pool. The City relied upon information provided by the SJCVRMA in estimating the City's fair value position of its holdings in the SJCVRMA Pool. The City had a contractual withdrawal value of \$241,153 at fiscal year end.

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

CITY OF LIVINGSTON

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2018

Note 4 – Notes/Long-Term Receivables

City of Livingston Employee Computer Purchase Program

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

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

The maximum loan amount is \$3,000 per employee to be paid over a maximum of 36 months interest free. Seven employees are currently participating for a total outstanding balance as of June 30, 2018 of \$6,603 due to the City. The receivable is reflected in the General Fund.

Northern California Community Loan Fund

The City loaned \$250,000 to the Northern California Community Loan Fund with simple interest at 2% per annum maturing on March 26, 2018. The loan is recorded in the Water Capital Fund.

The City loaned \$50,000 to the Northern California Community Loan Fund with simple interest at 2% per annum maturing on October 17, 2018. The loan is recorded in the Maintenance Districts Fund.

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

CDBG Rehab Loans

The City operates a CDBG rehabilitation loan program for the renovation of low income housing. The total balance outstanding at June 30, 2018 for the 2002-2003 loans were \$391,382. These loans are reflected in the Program Income Capital Projects 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, 2018 were \$1,229,994 and are reflected in the Program Income Capital Projects Fund.

CITY OF LIVINGSTON

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2018

Note 5 – Interfund Receivables and Payables

Interfund receivables and payables consist of short-term loans resulting from regular transactions. These loans are expected to be repaid as soon as the borrowing fund has cash, and carry an interest rate equal to the rate earned on pooled cash.

Individual fund interfund receivables and payables balances as of June 30, 2018 are as follows:

	<u>Due From</u>	<u>Due To</u>
Major Funds:		
General Fund	\$ 14,970	\$ -
Water Fund	1,271,754	-
Industrial Waste Water Fund	-	1,271,754
Nonmajor Funds:		
Capital Projects	-	14,970
	<u>\$ 1,286,724</u>	<u>\$ 1,286,724</u>

CITY OF LIVINGSTON

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2018

Note 6 – Capital Assets

Capital asset activities for the year ended June 30, 2018 were as follows:

	Balance July 1, 2017	Additions	Retirements	Balance June 30, 2018
<u>Governmental Activities</u>				
Capital assets, not being depreciated				
Land	\$ 3,485,866	\$ -	\$ -	\$ 3,485,866
Construction in progress	-	-	-	-
Total capital assets, not being depreciated	<u>3,485,866</u>	<u>-</u>	<u>-</u>	<u>3,485,866</u>
Capital assets, being depreciated				
Buildings and improvements	9,839,612	141,627	-	9,981,239
Infrastructure	5,395,378	11,594	-	5,406,972
Machinery and equipment	4,518,504	212,733	-	4,731,237
Total capital assets, being depreciated	<u>19,753,494</u>	<u>365,954</u>	<u>-</u>	<u>20,119,448</u>
Less accumulated depreciation for:				
Buildings and improvements	(3,917,047)	(209,228)	-	(4,126,275)
Infrastructure	(904,008)	(106,862)	-	(1,010,870)
Machinery and equipment	(3,690,761)	(249,123)	-	(3,939,884)
Total accumulated depreciation	<u>(8,511,816)</u>	<u>(565,213)</u>	<u>-</u>	<u>(9,077,029)</u>
Total capital assets, being depreciated, net	<u>11,241,678</u>	<u>(199,259)</u>	<u>-</u>	<u>11,042,419</u>
Governmental activities capital assets, net	<u>\$ 14,727,544</u>	<u>\$ (199,259)</u>	<u>\$ -</u>	<u>\$ 14,528,285</u>
<u>Business-Type Activities</u>				
Capital assets, not being depreciated				
Land	\$ 2,985,629	\$ -	\$ -	\$ 2,985,629
Construction in progress	199,340	224,243	-	423,583
Total capital assets, not being depreciated	<u>3,184,969</u>	<u>224,243</u>	<u>-</u>	<u>3,409,212</u>
Capital assets, being depreciated				
Buildings	25,000	-	-	25,000
Improvements other than buildings	29,792,995	35,983	-	29,828,978
Machinery and equipment	1,122,361	388,477	-	1,510,838
Total capital assets, being depreciated	<u>30,940,356</u>	<u>424,460</u>	<u>-</u>	<u>31,364,816</u>
Less: accumulated depreciation	<u>(9,855,205)</u>	<u>(810,484)</u>	<u>-</u>	<u>(10,665,689)</u>
Total capital assets, being depreciated, net	<u>21,085,151</u>	<u>(386,024)</u>	<u>-</u>	<u>20,699,127</u>
Business-type activities capital assets, net	<u>\$ 24,270,120</u>	<u>\$ (161,781)</u>	<u>\$ -</u>	<u>\$ 24,108,339</u>

CITY OF LIVINGSTON

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2018

Note 6 – Capital Assets (Continued)

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

Governmental Functions:

General Government	\$ 70,642
Public Safety	138,216
Public Works	227,383
Parks and Community Services	128,972
	<u>\$ 565,213</u>

Business-Type Functions:

Water	\$ 415,015
Sanitation	470
Domestic Sewer	393,801
Industrial Sewer	1,198
	<u>\$ 810,484</u>

Note 7 – Long-Term Debt

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

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

	<u>Balance</u> <u>July 1, 2017</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2018</u>	<u>Current</u> <u>Portion</u>
<u>Business-Type Activity Long Term Debt</u>					
SWRCB Water Loan	\$ 1,353,245	\$ -	\$ (125,397)	\$ 1,227,848	\$ 58,898
2016A Sewer Refunding	<u>7,495,000</u>	<u>-</u>	<u>(175,000)</u>	<u>7,320,000</u>	<u>180,000</u>
Total long-term debt	8,848,245	-	(300,397)	8,547,848	238,898
Unamortized bond premiums and deferred charges	<u>172,831</u>	<u>-</u>	<u>(6,822)</u>	<u>166,009</u>	<u>6,822</u>
Total Long-term Debt with Unamortized Bond Premiums and Deferred Charges	<u>\$ 9,021,076</u>	<u>\$ -</u>	<u>\$ (307,219)</u>	<u>\$ 8,713,857</u>	<u>\$ 245,720</u>
<u>Compensated Absences</u>					
Government Activities	<u>\$ 333,877</u>	<u>\$ 62,364</u>	<u>\$ -</u>	<u>\$ 396,241</u>	
Business-Type Activities	<u>\$ 87,681</u>	<u>\$ -</u>	<u>\$ (15,605)</u>	<u>\$ 72,076</u>	

CITY OF LIVINGSTON

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2018

Note 7 – Long-Term Debt (Continued)

Long-term debt payable at June 30, 2018 was comprised of the following individual issues:

2016A Sewer Revenue Refunding Bonds – In October 2016, the City issued Series 2016A Sewer Revenue Refunding Bonds for the principal amount of \$7,715,000. The issuance was to refund the outstanding principal balance of the Refunding Revenue Bonds described above. In addition, the proceeds of the sale of the bond were used to pay the costs of issuance. The reacquisition price exceeded the net carrying amount of the old debt by \$57,298. The City refunded the above debts to reduce its total debt service over 26 years by \$1,858,942 and to obtain an economic gain (difference between the present values of debt service payments on the old and new debt) of \$832,214. The bonds bear interest ranging from 2.0% to 4.0% and are payable semi-annually commencing March 2017 through March 2043. Debt service is secured by a pledge of net revenues of the City's Sewer System. The City covenants that it shall prescribe, revise and collect such charges for the services and facilities of the sewer system which shall produce revenues sufficient in each fiscal year to provide gross revenues which are sufficient to pay all sewer operation and maintenance costs and all bond installment payments and produce net sewer revenues equal to at least 1.25 times debt service coming due and payable during such fiscal year. The City is in compliance with those covenants as of June 30, 2018. Cash basis debt service paid during the fiscal year ended June 30, 2018 totaled \$495,858. Total sewer system net revenues calculated in accordance with the covenants were \$896,378 at June 30, 2018.

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

CITY OF LIVINGSTON

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

Note 7 – Long-Term Debt (Continued)

The annual requirement to amortize the principal and interest on all long-term debt at June 30, 2018 were as follows:

Years ending June 30,	<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2019	\$ 209,566	\$ 288,330
2020	249,844	280,184
2021	255,805	271,623
2022	261,782	262,846
2023	272,775	237,850
2024-2028	1,529,327	1,119,813
2029-2033	1,806,642	833,298
2034-2038	1,992,107	516,546
2039-2043	1,970,000	318,618
2043	-	12,150
	<u>\$ 8,547,848</u>	<u>\$ 4,141,258</u>
Net of unamortized premiums and deferred charges	<u>166,009</u>	
Net long-term debt	<u>\$ 8,713,857</u>	

Note 8 – Deficit Fund Balances

Fund Balance and Retained Earnings Deficits - The following is a summary of deficit fund balances and retained earnings as of June 30, 2018:

Enterprise Funds	
Industrial Waste Water	\$ (1,072,220)
Nonmajor Governmental Funds	
Capital Projects Fund	<u>(1,358)</u>
	<u>\$ (1,073,578)</u>

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

The deficit fund balance in the Capital Projects Fund is due to expenditures exceeding revenues. The deficit is expected to be negated by future revenues.

CITY OF LIVINGSTON

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2018

Note 9 – Interfund Transfers

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

	<u>Transfers In</u>	<u>Transfers Out</u>
Major Governmental Funds:		
General Fund	\$ 117,382	\$ -
Maintenance District	33,572	-
Major Enterprise Funds:		
Domestic Wastewater Fund	-	30,628
Nonmajor Governmental Funds:		
Gas Tax Fund	150,301	-
RSTP	-	150,301
Capital Projects Fund	-	120,326
	<u>\$ 301,255</u>	<u>\$ 301,255</u>

CITY OF LIVINGSTON

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2018

Note 10 – Deferred Outflows and Deferred Inflows of Resources

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

Deferred outflows of resources related to net pension liability:

Fiscal year 2017-18 pension contributions subsequent to measurement date	\$ 524,180
Adjustment due to differences in proportions	45,690
Net differences between projected and actual earnings on pension plan investments	217,588
Difference between expected and actual experience	30,143
Changes in assumptions	975,243

Deferred outflows of resources related to net OPEB liability:

Fiscal year 2017-18 pension contributions subsequent to measurement date	<u>263,080</u>
--	----------------

Total deferred outflows of resources \$ 2,055,924

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

Deferred outflows of resources related to net pension liability:

Adjustment due to differences in proportions	\$ 99,900
Difference between projected and actual contributions	274,130
Difference between expected and actual experience	76,936
Changes in assumptions	<u>74,540</u>

Total deferred inflows of resources \$ 525,506

The City also has one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting as deferred inflows of resources. Accordingly, that item, unavailable revenues, is reported only in the governmental funds balance sheet. The City reports in the governmental funds \$1,621,376 as unavailable revenues in the Program Income Fund.

CITY OF LIVINGSTON

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2018

Note 11 – Post-Employment Health Care Benefits

Plan Description

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

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

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

Employees Covered

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

Summary of Plan Member Count	
Number of active plan members	39
Number of inactive plan members currently receiving benefits	11
Number of inactive plan members entitled but not receiving benefits	0

Contributions

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

CITY OF LIVINGSTON

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2018

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

Actuarial Assumptions

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

Valuation Date	June 30, 2016	
Funding Method	Entry Age Normal Cost, level of percent of pay	
Asset Valuation Method	Market value of assets (\$0 as of the measurement date)	
Long-term Return on Assets	6.5%, net of plan investment expenses and including inflation	
Discount Rates	6.5% as of June 30, 2016 and June 30, 2017	
Participant Valued	Only current active employees and retired participants and covered dependents are valued. No future entrants are considered in this valuation	
Salary Increase	3.25% per year; since benefits do not depend on salary, this is used only to allocate the cost of benefits between service years	
Assumed Wage Inflation	3.0% per year; used to determine amortization payments if developed on a level percent of pay basis	
General Inflation Rate	2.75% per year	
Mortality Improvement	MacLeod Watts Scale 2014 applied generationally 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:	
Healthcare Trend		
	Effective July 1	Premium Increase
	2019	7.00%
	2020	6.50%
	2021	6.50%
	2022	5.00%
	2023	4.50%
	2024 & later	4.50%

Long Term Expected Rate of Return

Not applicable, the City has reported no plan assets as of June 30, 2018.

Discount Rate

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

CITY OF LIVINGSTON

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

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

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance at 06/30/17	\$ 2,507,758	\$ -	\$ 2,507,758
Changes for the year:			
Service cost	18,792	-	18,792
Interest	159,687	-	159,687
Changes of benefit terms	-	-	-
Differences between expected and actual experience	-	-	-
Changes of assumptions	-	-	-
Contributions - employer	-	139,650	(139,650)
Net investment income	-	-	-
Benefit payments	(139,650)	(139,650)	-
Net changes	<u>38,829</u>	<u>-</u>	<u>38,829</u>
Balance at 06/30/18	<u>\$ 2,546,587</u>	<u>\$ -</u>	<u>\$ 2,546,587</u>

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

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

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

	1% Decrease (5.50%)	Discount Rate (6.50%)	1% Increase (7.50%)
Net OPEB liability	\$ 2,788,381	\$ 2,546,587	\$ 2,338,609

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

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

	Current Trend -1%	Current Trend	Current Trend +1%
Net OPEB liability	\$ 2,244,157	\$ 2,546,587	\$ 2,937,317

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

CITY OF LIVINGSTON

NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2018

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

OPEB Expense and Deferred Outflows/Inflows Related to OPEB

For the year ended June 30, 2018, the City recognized OPEB expense of \$178,479. At June 30, 2018, 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
OPEB contributions subsequent to measurement date	<u>\$ 263,080</u>	<u>\$ -</u>
	<u>\$ 263,080</u>	<u>\$ -</u>

The City will recognize the Deferred Contributions in the next fiscal year.

Note 12 – Pension Plan

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

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

CITY OF LIVINGSTON

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2018

Note 12 – Pension Plan (Continued)

Funding Policy – Management, clerical, and public works plan members in the Classic Miscellaneous Plan are required to contribute 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, 2018, are summarized as follows:

	<u>Miscellaneous</u>	<u>Safety</u>
	Prior to January 1, 2013	Prior to January 1, 2013
Hire Date	January 1, 2013	January 1, 2013
Benefit Formula	2.0% at 55; maximum 2% COLA	2.0% at 55; maximum 2% COLA
Benefit Vesting Schedule	5 years service	5 years service
Benefit Payments	monthly for life	monthly for life
Retirement Age	55	55
Monthly Benefits, as a % of Eligible Compensation	2.00%	2.00%
Required Employee Contribution Rates	7.00%	7.00%
Required Employer Contribution Rates	8.921%	13.012%
	<u>PEPRA</u>	
	<u>Miscellaneous</u>	<u>PEPRA Safety</u>
	On or After January 1, 2013	On or After January 1, 2013
Hire Date	January 1, 2013	January 1, 2013
Benefit Formula	2.0% at 62; maximum 2% COLA	2.0% at 57; maximum 2% COLA
Benefit Vesting Schedule	5 years service	5 years service
Benefit Payments	monthly for life	monthly for life
Retirement Age	62	57
Monthly Benefits, as a % of Eligible Compensation	2.00%	2.00%
Required Employee Contribution Rates	6.25%	9.50%
Required Employer Contribution Rates	6.533%	9.513%

CITY OF LIVINGSTON

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2018

Note 12 – Pension Plan (Continued)

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

For the year ended June 30, 2018, the contributions recognized as part of the pension expense is as follows:

Contributions – employer	\$ 348,100
Contributions – employee	\$ 266,667

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

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

	<u>Proportionate Share of Net Pension Liability</u>
Miscellaneous	\$3,818,551
Safety	\$1,933,287

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, 2017, 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, 2016 rolled forward to June 30, 2017 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, 2017 and 2018 was as follows:

	<u>Miscellaneous</u>	<u>Safety</u>
Proportion – June 30, 2017	0.09502%	0.03184%
Proportion – June 30, 2018	0.09687%	0.03236%
Change – Increase/(Decrease)	0.00185%	0.00051%

For the year ended June 30, 2018, the City recognized pension expense of \$700,875. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

CITY OF LIVINGSTON

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

Note 12 – Pension Plan (Continued)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 524,180	\$ -
Adjustment due to differences in proportions	45,690	(99,900)
Difference between projected and actual contributions	-	(274,130)
Difference between expected and actual experience in the Total Pension Liability	30,143	(76,936)
Changes in assumptions or other inputs	975,243	(74,540)
Net differences between projected and actual earnings on pension plan investments	<u>217,588</u>	<u>-</u>
Total	<u>\$ 1,792,844</u>	<u>\$ (525,506)</u>

The \$524,180 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, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	
2019	\$ 31,351
2020	506,995
2021	333,317
2022	<u>(128,501)</u>
Total	<u>\$ 743,162</u>

Actuarial Assumptions – The total pension liability in the June 30, 2016 actuarial valuations were determined using the following actuarial assumptions:

CITY OF LIVINGSTON

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2018

Note 12 – Pension Plan (Continued)

Valuation Date	June 30, 2016
Measurement Date	June 30, 2017
Actuarial Cost Method	Entry-Age Normal Cost Method in accordance with the requirements of GASB Statement No. 68
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.75%
Payroll Growth	3.00%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table	Derived using CalPERS' Membership ¹ Date for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

¹ The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the April 2014 experience study report (based on CalPERS demographic data from 1997 to 2011) available online.

All other actuarial assumptions used in the June 30, 2017 valuation was based on the results of an actuarial experience study for fiscal years 1997-2011, including updates to salary increase, mortality and retirement rates. The Experience Study can be obtained at CalPERS' website.

CITY OF LIVINGSTON

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2018

Note 12 – Pension Plan (Continued)

Change of assumptions – In fiscal year 2016-17, the financial reporting discount rate for the PERF C was lowered from 7.65 percent to 7.15 percent. Deferred outflows of resources for changes of assumptions presented in the Schedule of Collective Pension Amounts represent the unamortized portion of this assumption change.

Discount rate – The discount rate used to measure the total pension liability was 7.15 percent and reflects the long-term expected rate of return for the Plan net of investment expenses and without reduction for administrative expenses. To determine whether the municipal bond rate should be used in the calculation of a discount rate for public agency plans (including PERF C), the amortization and smoothing periods recently adopted by the Board in 2013 were used. For the Plan, the crossover test was performed for a miscellaneous agent rate plan and a safety agent rate plan selected as being more at risk of failing the crossover test and resulting in a discount rate that would be different from the long-term expected rate of return on pension investments. Based on the testing of the plans, the tests revealed the assets would not run out. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability for PERF C. The crossover test results are presented in a detailed report called “GASB Crossover Testing Report” that can be obtained on CalPERS’ website under the GASB 68 section.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected rate of returns, net of pension plan investment expense and inflation) are developed for each major asset class.

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

The long-term expected real rates of return by asset class can be found in CalPERS’ Comprehensive Annual Financial Report for the fiscal year ended June 30, 2017.

CITY OF LIVINGSTON

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2018

Note 12 – Pension Plan (Continued)

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

Asset Class	New Strategic Allocation	Real Return Years 1-10	Real Return ¹ Years 11+
Global Equity	47%	4.90%	5.38%
Fixed Income	19%	0.80%	2.27%
Inflation Assets	6%	0.60%	1.39%
Private Equity	12%	6.60%	6.63%
Real Estate	11%	2.80%	5.21%
Infrastructure and Forestland	3%	3.90%	5.36%
Liquidity	2%	-0.40%	-0.90%
Total	100%		

¹ An expected inflation of 2.5% used for this period

² An expected inflation of 3.0% 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:

	1% Decrease (6.15%)	Current Discount Rate (7.15%)	1% Increase (8.15%)
Miscellaneous	\$ 5,827,050	\$ 3,818,551	\$ 2,155,075
Safety	\$ 3,142,138	\$ 1,933,287	\$ 945,112

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

Payable to the Pension Plan

At June 30, 2018, the City has no outstanding amount of contributions to the pension plan required for the year ended June 30, 2018.

CITY OF LIVINGSTON

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2018

Note 13 – Risk Management

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

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

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

The latest audited financial information and the most current information available for CSJVRMA for fiscal year ended June 30, 2017 is as follows:

Total assets	\$ 100,984,219
Total liabilities	<u>83,009,648</u>
Net position	<u>\$ 17,974,571</u>
Total revenues	\$ 44,757,804
Total expenses	<u>42,218,070</u>
Increase/(decrease) in net position	<u>\$ 2,539,734</u>

CITY OF LIVINGSTON

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2018

Note 14 - Contingent Liabilities

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

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

Note 15 – Subsequent Events

The City evaluated subsequent events for recognition and disclosure through February 26, 2019, the date which these financial statements were available to be issued. Management concluded that no material subsequent events have occurred since June 30, 2018 that required recognition or disclosure in such financial statements.

Note 16 – Prior Period Adjustments

The City recorded the following prior period adjustments:

1. The City implemented GASB Statement No. 75. As a result, net OPEB liability increased by \$179,452 in the Governmental Activities and \$568,345 in the Business-Type Activities of the Statement of Net Position, deferred outflows increased by an immaterial amount; net position decreased by \$179,452 and \$568,345 for Governmental Activities and Business-Type Activities, respectively, in the Statement of Activities, deferred outflows increased by an immaterial amount. In the Fund Financials, net OPEB liability increased by \$284,170, \$71,043 and \$213,132 in the Water, Sanitation, and Domestic Waste Water Proprietary Funds, respectively, in the Statement of Net Position – Proprietary Funds; net position decreased by like amounts, respectively, in the Statement of Revenues, Expenses and Changes in Net Position.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF LIVINGSTON

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

YEAR ENDED JUNE 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive/ (Negative)
Revenue				
Taxes	\$ 4,807,252	\$ 4,807,252	\$ 4,738,889	\$ (68,363)
Licenses and permits	199,309	199,309	553,535	354,226
Intergovernmental	714,202	714,202	680,651	(33,551)
Charges for services	519,563	519,563	388,434	(131,129)
Fines and forfeitures	38,050	38,050	191,684	153,634
Investment income	74,161	74,161	84,643	10,482
Other	87,700	87,700	126,884	39,184
Total revenue	<u>6,440,237</u>	<u>6,440,237</u>	<u>6,764,720</u>	<u>324,483</u>
Expenditures				
Current				
General government	1,402,769	1,402,769	772,959	629,810
Parks and community services	10,623,241	10,623,241	783,348	9,839,893
Public safety	6,000,106	6,000,106	3,294,122	2,705,984
Public works	414,440	414,440	540,694	(126,254)
Planning and community development	643,873	643,873	835,872	(191,999)
Capital outlay	292,201	292,201	188,162	104,039
Total expenditures	<u>19,376,630</u>	<u>19,376,630</u>	<u>6,415,157</u>	<u>12,961,473</u>
Revenue over (under) expenditures	(12,936,393)	(12,936,393)	349,563	13,285,956
Other Financing Sources/(Uses)				
Transfers in	43,576	43,576	117,382	73,806
Transfers out	-	-	-	-
Total other financing sources/(uses)	<u>43,576</u>	<u>43,576</u>	<u>117,382</u>	<u>73,806</u>
Net Change in Fund Balance	<u><u>\$ (12,936,393)</u></u>	<u><u>\$ (12,936,393)</u></u>	466,945	<u><u>\$ 13,285,956</u></u>
Fund Balance				
Beginning of year			<u>2,685,829</u>	
End of year			<u><u>\$ 3,152,774</u></u>	

CITY OF LIVINGSTON

**BUDGETARY COMPARISON SCHEDULE
 MAINTENANCE DISTRICTS FUND
 YEAR ENDED JUNE 30, 2018**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive/ (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenue				
Intergovernmental	\$ 24,109	\$ 24,109	\$ 26,316	\$ 2,207
Maintenance assessments	1,387,816	1,387,816	1,394,435	6,619
Investment income	12,000	12,000	25,816	13,816
Other	-	-	14,310	14,310
Total revenue	<u>1,423,925</u>	<u>1,423,925</u>	<u>1,460,877</u>	<u>36,952</u>
Expenditures				
Current				
Public works	1,959,391	1,959,391	1,276,334	683,057
Capital outlay	32,312	32,312	44,903	(12,591)
Total expenditures	<u>1,991,703</u>	<u>1,991,703</u>	<u>1,321,237</u>	<u>670,466</u>
Revenue over (under) expenditures	(567,778)	(567,778)	139,640	707,418
Other Financing Sources/(Uses)				
Transfers in	25,142	25,142	33,572	8,430
Total other financing sources/(uses)	<u>25,142</u>	<u>25,142</u>	<u>33,572</u>	<u>8,430</u>
Net Change in Fund Balance	<u>\$ (542,636)</u>	<u>\$ (542,636)</u>	173,212	<u>\$ 715,848</u>
Fund Balance				
Beginning of year			<u>1,460,965</u>	
End of year			<u>\$ 1,634,177</u>	

CITY OF LIVINGSTON

**BUDGETARY COMPARISON SCHEDULE
PROGRAM INCOME FUND
YEAR ENDED JUNE 30, 2018**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		<u>Positive/ (Negative)</u>
Revenue				
Loan repayments	\$ -	\$ -	\$ 1,278	\$ 1,278
Investment income	-	-	315	315
Total revenue	-	-	1,593	1,593
Expenditures				
Current				
Planning and community development	300	300	-	300
Total expenditures	300	300	-	300
Net Change in Fund Balance	<u>\$ (300)</u>	<u>\$ (300)</u>	1,593	<u>\$ 1,893</u>
Fund Balance				
Beginning of year			27,501	
End of year			<u>\$ 29,094</u>	

CITY OF LIVINGSTON

**SCHEDULE OF CONTRIBUTIONS
LAST 10 YEARS***

YEAR ENDED JUNE 30, 2018

	Miscellaneous			Safety		
	2015	2016	2017	2015	2016	2017
Contractually required contribution (actuarially determined)	\$ 195,635	\$ 182,947	\$ 267,382	\$ 141,280	\$ 143,311	\$ 183,062
Contributions in relation to the actuarially determined contributions	(195,635)	(182,947)	(267,382)	(141,280)	(143,311)	(183,062)
Contributions deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 1,803,899	\$ 1,685,745	\$ 1,688,533	\$ 892,349	\$ 951,670	\$ 1,086,467
Contributions as a percentage of covered-employee payroll	10.85%	10.85%	15.84%	15.83%	15.06%	16.85%
						17.02%

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

SUPPLEMENTAL ONLY INFORMATION

CITY OF LIVINGSTON

COMBINING BALANCE SHEET NON-MAJOR GOVERNMENTAL FUNDS JUNE 30, 2018

	Special Revenue Funds	Capital Projects Funds	Totals
ASSETS			
Cash and investments	\$ 1,028,976	\$ 2,196,685	\$ 3,225,661
Accounts and interest receivable	2,742	5,719	8,461
Due from other governments	279,660	14,970	294,630
Total assets	<u>\$ 1,311,378</u>	<u>\$ 2,217,374</u>	<u>\$ 3,528,752</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE			
Liabilities			
Accounts payable and accrued expense	\$ 50,172	\$ 31,325	\$ 81,497
Deposits	-	31,558	31,558
Due to other funds	-	14,970	14,970
Total liabilities	<u>50,172</u>	<u>77,853</u>	<u>128,025</u>
Deferred inflows of resources			
Unavailable revenues	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance			
Restricted			
Capital improvement projects	-	1,734,482	1,734,482
Circulation improvements	1,119,973	-	1,119,973
Public safety programs	141,233	-	141,233
Low-income housing activities	-	406,397	406,397
Unassigned	-	(1,358)	(1,358)
Total fund balance	<u>1,261,206</u>	<u>2,139,521</u>	<u>3,400,727</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 1,311,378</u>	<u>\$ 2,217,374</u>	<u>\$ 3,528,752</u>

CITY OF LIVINGSTON

COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE NON-MAJOR GOVERNMENTAL FUNDS JUNE 30, 2018

	Special Revenue Funds	Capital Projects Funds	Totals
Revenue			
Intergovernmental	\$ 1,114,340	\$ 170,174	\$ 1,284,514
Development impact fees	-	953,616	953,616
Investment income	7,312	13,916	21,228
Miscellaneous	40,294	-	40,294
Total revenue	<u>1,161,946</u>	<u>1,137,706</u>	<u>2,299,652</u>
Expenditures			
Current			
Public safety	134,731	-	134,731
Public works	514,388	-	514,388
Planning and community development	-	81,860	81,860
Capital outlay	-	132,889	132,889
Total expenditures	<u>649,119</u>	<u>214,749</u>	<u>863,868</u>
Revenue over/(under) expenditures	512,827	922,957	1,435,784
Other Financing Sources/(Uses)			
Transfers in	150,301	-	150,301
Transfers out	(150,301)	(120,326)	(270,627)
Total other financing sources/(uses)	<u>-</u>	<u>(120,326)</u>	<u>(120,326)</u>
Change in Fund Balance	512,827	802,631	1,315,458
Fund Balance			
Beginning of year	748,379	1,336,890	2,085,269
End of year	<u>\$ 1,261,206</u>	<u>\$ 2,139,521</u>	<u>\$ 3,400,727</u>

CITY OF LIVINGSTON
COMBINING BALANCE SHEET
NON-MAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2018

	Public Safety	RSTP	Local Transportation	Gas Tax	SB-1	Probation Enforcement	Measure V	Abandoned Vehicle Abatement	Total
ASSETS									
Cash and investments	\$ 52,624	\$ 210,155	\$ 149,631	\$ 153,713	\$ 52,163	\$ -	\$ 317,754	\$ 92,936	\$ 1,028,976
Accounts and interest receivable	133	1,695	223	1	-	-	690	-	2,742
Due from other governments	-	1,553,328	19,159	559	12,128	-	92,486	-	279,660
Total assets	\$ 52,757	\$ 367,178	\$ 169,013	\$ 154,273	\$ 64,291	\$ -	\$ 410,930	\$ 92,936	\$ 1,311,378
LIABILITIES AND FUND BALANCE									
Liabilities									
Accounts payable and accrued expense	\$ 4,460	\$ -	\$ 9,013	\$ 20,484	\$ -	\$ -	\$ 16,215	\$ -	\$ 50,172
Total liabilities	4,460	-	9,013	20,484	-	-	16,215	-	50,172
Fund Balance									
Restricted									
Circulation improvements	-	367,178	160,000	133,789	64,291	-	394,715	-	1,119,973
Public safety programs	48,297	-	-	-	-	-	-	92,936	141,233
Total fund balance	48,297	367,178	160,000	133,789	64,291	-	394,715	92,936	1,261,206
Total liabilities and fund balance	\$ 52,757	\$ 367,178	\$ 169,013	\$ 154,273	\$ 64,291	\$ -	\$ 410,930	\$ 92,936	\$ 1,311,378

CITY OF LIVINGSTON

COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2018

	Public Safety	RSTP	Local Transportation	Gas Tax	SB-1	Probation Enforcement	Measure V	Abandoned Vehicle Abatement	Total
Revenue									
Intergovernmental	\$ 139,558	\$ 155,328	\$ 38,318	\$ 290,359	\$ 64,291	\$ -	\$ 412,566	\$ 13,920	\$ 1,114,340
Investment income	404	5,160	932	126	-	-	690	-	7,312
Other	-	-	-	40,294	-	-	-	-	40,294
Total revenue	<u>139,962</u>	<u>160,488</u>	<u>39,250</u>	<u>330,779</u>	<u>64,291</u>	<u>-</u>	<u>413,256</u>	<u>13,920</u>	<u>1,161,946</u>
Expenditures									
Current									
Public safety	127,150	-	-	-	-	-	-	7,581	134,731
Public works	365	6,507	16,344	399,363	-	-	91,809	-	514,388
Total expenditures	<u>127,515</u>	<u>6,507</u>	<u>16,344</u>	<u>399,363</u>	<u>-</u>	<u>-</u>	<u>91,809</u>	<u>7,581</u>	<u>649,119</u>
Revenue over (under) expenditures	12,447	153,981	22,906	(68,584)	64,291	-	321,447	6,339	512,827
Other financing sources/(uses)									
Transfers in	-	-	-	150,301	-	-	-	-	150,301
Transfers out	-	(150,301)	-	-	-	-	-	-	(150,301)
Total other financing sources/(uses)	<u>-</u>	<u>(150,301)</u>	<u>-</u>	<u>150,301</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in Fund Balance	12,447	3,680	22,906	81,717	64,291	-	321,447	6,339	512,827
Fund Balance									
Beginning of year	35,850	363,498	137,094	52,072	-	-	73,268	86,597	748,379
End of year	<u>\$ 48,297</u>	<u>\$ 367,178</u>	<u>\$ 160,000</u>	<u>\$ 133,789</u>	<u>\$ 64,291</u>	<u>\$ -</u>	<u>\$ 394,715</u>	<u>\$ 92,936</u>	<u>\$ 1,261,206</u>

CITY OF LIVINGSTON
COMBINING BALANCE SHEET
NON-MAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2018

	Park Impact Fees	Police Impact Fees	Fire Impact Fees	General Plan Impact Fees	Municipal Facilities Impact Fees
ASSETS					
Cash and investments	\$ 37,064	\$ 102,310	\$ 407,306	\$ 195,825	\$ 747,218
Accounts and interest receivable	-	-	1,376	-	2,769
Total assets	<u>\$ 37,064</u>	<u>\$ 102,310</u>	<u>\$ 408,682</u>	<u>\$ 195,825</u>	<u>\$ 749,987</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE					
Liabilities					
Accounts payable and accrued expense	\$ 2,595	-	\$ 1,064	-	\$ 14,263
Deposits	-	-	-	-	-
Due to other funds	-	-	-	-	-
Total liabilities	<u>2,595</u>	<u>-</u>	<u>1,064</u>	<u>-</u>	<u>14,263</u>
Fund Balance					
Restricted					
Capital improvement projects	34,469	102,310	407,618	195,825	735,724
Low-income housing activities	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balance	<u>34,469</u>	<u>102,310</u>	<u>407,618</u>	<u>195,825</u>	<u>735,724</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 37,064</u>	<u>\$ 102,310</u>	<u>\$ 408,682</u>	<u>\$ 195,825</u>	<u>\$ 749,987</u>

CITY OF LIVINGSTON

COMBINING BALANCE SHEET
NON-MAJOR CAPITAL PROJECTS FUNDS (CONTINUED)
JUNE 30, 2018

	Amenities Impact fees	Streets & Storm Drain Impact Fees	Developer Projects	Capital Projects	Total
ASSETS					
Cash and investments	\$ 28,057	\$ 407,855	\$ 261,170	\$ 9,880	\$ 2,196,685
Accounts and interest receivable	-	636	938	-	5,719
Due from other governments	-	-	-	14,970	14,970
Total assets	\$ 28,057	\$ 408,491	\$ 262,108	\$ 24,850	\$ 2,217,374
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE					
Liabilities					
Accounts payable and accrued expense	\$ -	\$ 2,094	\$ 71	\$ 11,238	\$ 31,325
Deposits	-	-	31,558	-	31,558
Due to other funds	-	-	-	14,970	14,970
Total liabilities	-	2,094	31,629	26,208	77,853
Deferred inflows of resources					
Unavailable revenues	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-
Fund Balance					
Restricted					
Capital improvement projects	28,057	-	230,479	-	1,734,482
Low-income housing activities	-	406,397	-	-	406,397
Unassigned	-	-	-	(1,358)	(1,358)
Total fund balance	28,057	406,397	230,479	(1,358)	2,139,521
Total liabilities, deferred inflows of resources, and fund balance	\$ 28,057	\$ 408,491	\$ 262,108	\$ 24,850	\$ 2,217,374

CITY OF LIVINGSTON

**COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
NON-MAJOR CAPITAL PROJECTS FUNDS
YEAR ENDED JUNE 30, 2018**

	Park Impact Fees	Police Impact Fees	Fire Impact Fees	General Plan Impact Fees	Municipal Facilities Impact Fees
Revenue					
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -
Development impact fees	35,524	90,735	66,932	195,825	564,600
Investment income	369	-	4,188	-	4,566
Total revenue	<u>35,893</u>	<u>90,735</u>	<u>71,120</u>	<u>195,825</u>	<u>569,166</u>
Expenditures					
Current					
Planning and community development	16,466	-	1,974	-	-
Capital outlay	-	-	-	-	98,328
Total expenditures	<u>16,466</u>	<u>-</u>	<u>1,974</u>	<u>-</u>	<u>98,328</u>
Revenue over (under) expenditures	19,427	90,735	69,146	195,825	470,838
Other financing sources/(uses)					
Transfers out	-	-	-	-	-
Total other financing sources/(uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in Fund Balance	19,427	90,735	69,146	195,825	470,838
Fund Balance					
Beginning of year	15,042	11,575	338,472	-	264,886
End of year	<u>34,469</u>	<u>102,310</u>	<u>407,618</u>	<u>195,825</u>	<u>735,724</u>

CITY OF LIVINGSTON

**COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
NON-MAJOR CAPITAL PROJECTS FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2018**

	Amenities Impact Fees	Streets & Storm Drain Impact Fees	Developer Projects	Capital Projects	Total
Revenue					
Intergovernmental	\$ -	\$ -	\$ -	\$ 170,174	\$ 170,174
Development impact fees	-	-	-	-	953,616
Investment income	3	1,935	2,855	-	13,916
Total revenue	3	1,935	2,855	170,174	1,137,706
Expenditures					
Current					
Planning and community development	4	28,946	14,273	20,197	81,860
Capital outlay	-	34,561	-	-	132,889
Total expenditures	4	63,507	14,273	20,197	214,749
Revenue over (under) expenditures	(1)	(61,572)	(11,418)	149,977	922,957
Other financing sources/(uses)					
Transfers out	-	-	-	(120,326)	(120,326)
Total other financing sources/(uses)	-	-	-	(120,326)	(120,326)
Change in Fund Balance	(1)	(61,572)	(11,418)	29,651	802,631
Fund Balance					
Beginning of year	28,058	467,969	241,897	(31,009)	1,336,890
End of year	28,057	406,397	230,479	(1,358)	2,139,521

CITY OF LIVINGSTON

SCHEDULE OF NET REVENUE AVAILABLE FOR DEBT SERVICE YEAR ENDED JUNE 30, 2018

	<u>Domestic Waste Water</u>
OPERATING REVENUES	
Charges for Services	\$ 2,075,866
Other Income	52,434
Total Operating Revenues	<u>2,128,300</u>
OPERATING EXPENSES	
Contract Services and Utilities	373,698
Personnel Costs	540,555
Supplies and Materials	321,211
Total Operating Expenses	<u>1,235,464</u>
Net Revenue	892,836
NON-OPERATING REVENUES/EXPENSES	
Development impact fees	192,984
Investment income	20,977
Net Non-operating Revenues (Expenses)	<u>213,961</u>
Net Revenue Available for Debt Service	<u>\$ 1,106,797</u>
PARITY OBLIGATION DEBT SERVICE	
2016A Sewer Refunding Bond Debt Service	<u>\$ 495,858</u>
PARITY OBLIGATION DEBT SERVICE RATE COVENANT COVERAGE	2.23

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Livingston, California, (the "City") as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise City's basic financial statements, and have issued our report thereon dated February 26, 2019.

Internal Control Over Financial Reporting

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

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

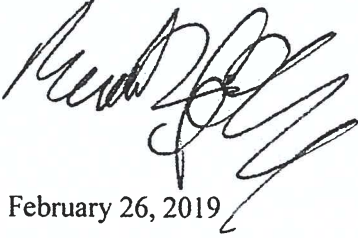
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

A handwritten signature in black ink, appearing to be "Kendall J. [unclear]", written over the date.

February 26, 2019

**CITY OF LIVINGSTON LOCAL TRANSPORTATION
DEVELOPMENT ACT FUND**

INDEPENDENT AUDITOR'S REPORTS

AND

FINANCIAL STATEMENTS

JUNE 30, 2018

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Local Transportation Development Act Fund of the City of Livingston, California, as of and for the year ended June 30, 2018, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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


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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Local Transportation Development Act Fund of the City of Livingston, California, as of June 30, 2018, and its revenues collected and the results of that fund's operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

As discussed in Note 1 to the financial statements, the financial statements referred to above present only the Local Transportation Development Act Fund and are not intended to present the financial position of the City of Livingston, California, and the results of its operations, in conformity with accounting principles generally accepted in the United States of America.



February 26, 2019

**CITY OF LIVINGSTON
LOCAL TRANSPORTATION DEVELOPMENT ACT FUND**

**BALANCE SHEET
JUNE 30, 2018**

ASSETS	
Cash and investments	\$ 149,631
Due from other governments	19,159
Interest receivable	<u>223</u>
Total assets	<u>\$ 169,013</u>
LIABILITIES AND FUND BALANCE	
Liabilities	
Accounts payable and accrued expense	\$ 9,013
Total liabilities	<u>9,013</u>
Fund Balance	
Restricted for street improvements	<u>160,000</u>
Total fund balance	<u>160,000</u>
Total liabilities and fund balance	<u>\$ 169,013</u>

**CITY OF LIVINGSTON
LOCAL TRANSPORTATION DEVELOPMENT ACT FUND**

**STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE
YEAR ENDED JUNE 30, 2018**

REVENUE

Intergovernmental revenue-LTF Funds	\$	38,318
Use of money, interest earnings		<u>932</u>
Total revenue		<u>39,250</u>

EXPENDITURES

Current

Street maintenance		<u>16,343</u>
Total expenditures		<u>16,343</u>

NET CHANGE IN FUND BALANCE 22,907

FUND BALANCE

Beginning of year		<u>137,093</u>
End of year	\$	<u>160,000</u>

**CITY OF LIVINGSTON
LOCAL TRANSPORTATION DEVELOPMENT ACT FUND**

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

Note 1 – Summary of Significant Accounting Policies

Financial Statement Presentation and Basis of Accounting – Article 8 allocations under Public Utilities Code Section 99400(a) of the Transportation Development Act are recorded in the LTF (SB325) Fund (Fund No. 1201) of the City of Livingston, California. The financial statements presented are prepared on the modified accrual basis whereby revenues are recognized when they become measurable and available and expenditures are recognized when liabilities are incurred.

The financial statements present only the accounts and financial transactions of the Local Transportation Development Act Fund of the City of Livingston. Accordingly, they do not present the financial position or results of operations of the City of Livingston, California.

Interest Income – Transportation Development Act funds are deposited into the City Treasury where they are invested in savings accounts or in investments by the City Treasurer under the City's cash management program. Interest income is allocated to the Fund based on its average cash balance.

Note 2 – Cash and Investments

Cash and investments are carried at their cost or amortized cost, which approximates market value. The cash and investment balances represent the proportionate balance of the City's pooled cash and investment accounts. At June 30, 2018, the cash and investments totaled \$149,631. Further details of the City's cash and investment balances can be found in the City's annual financial report.

Deposits – All pooled cash and certificates of deposit are entirely insured or collateralized. The California Government Code requires California banks and savings and loan associations to secure a local governmental agency's deposits by pledging government securities as collateral. The market value of pledged securities must equal at least 110% of an agency's deposits. California law also allows financial institutions to secure an agency's deposits by pledging first trust deed mortgage notes having a value of 150% of an agency's total deposits. The agency may waive collateral requirements for deposits which are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation or Federal Savings and Loan Insurance Corporation.

Authorized Investments – The City is authorized to make direct investments in local agency bonds, notes or warrants within the state; U.S. Treasury instruments; registered state warrants or treasury notes; securities of the U.S. Government, or its agencies; bankers acceptances; commercial paper; certificates of deposit placed with commercial banks and/or savings and loan companies; repurchase or reverse repurchase agreements; medium term corporate notes; shares of beneficial interest issued by diversified management companies/certificates of participation, obligations with first priority security; and collateralized mortgage obligations.

**CITY OF LIVINGSTON
LOCAL TRANSPORTATION DEVELOPMENT ACT FUND**

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

Note 3 – Transportation Development Act Allocations

The City of Livingston receives Transportation Development Act Funds from the County of Merced Local Transportation Fund in accordance with resolutions adopted by the Merced County Association of Governments. The amounts identified are to be expended in accordance with Public Utilities Code Section 99400(a).

SUPPLEMENTAL INFORMATION

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
WITH THE TRANSPORTATION DEVELOPMENT ACT BASED
ON AN AUDIT OF FINANCIAL STATEMENTS**

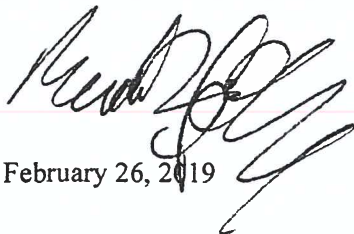
City Council
City of Livingston
Livingston, California

We have audited the financial statements of the Local Transportation Development Act Fund of the City of Livingston, California as of June 30, 2018 and for the year then ended, and have issued our report thereon dated February 26, 2019.

We conducted our audit in accordance with generally accepted auditing standards and the applicable provisions of the Transportation Development Act including Public Utilities Code Section 99245 as enacted and amended, and the allocation instructions and resolutions of the Transportation Planning Agency as required by Section 6666 of the California Administrative Code. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Fund's financial statements are free from material misstatement.

Compliance with laws, regulations contracts and grants applicable to the Local Transportation Development Act Fund of the City of Livingston, California, is the responsibility of the management of the City of Livingston, California. As part of obtaining reasonable assurance about whether the Local Transportation Development Act Fund's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. Additionally, we performed tests to determine that allocations made and expenditures paid by the Local Transportation Development Act Fund of the City of Livingston, California, were made in accordance with the allocation instructions and resolutions of the Merced County Association of Governments and in conformance with the California Transportation Development Act. Specifically, we performed each of the specific tasks identified in the California Code of Regulations Section 6666 that are applicable to the Local Transportation Development Act Fund of the City of Livingston, California. In connection with our audit, nothing came to our attention that caused us to believe the Local Transportation Development Act Fund of the City of Livingston, California, failed to comply with the Statutes, Rules, and Regulations of the California Transportation Development Act and the allocation instructions and resolutions of Merced County Association of Governments. 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.

This report is intended for the information of management, the Merced County Association of Governments and the State of California Department of Transportation and is not intended to be and should not be used by anyone other than these specified entities.



February 26, 2019

CITY OF LIVINGSTON
MANAGEMENT REPORT
FOR THE YEAR ENDED JUNE 30, 2018

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BRYANT L. JOLLEY

CERTIFIED PUBLIC ACCOUNTANTS

Bryant L. Jolley C.P.A.
Ryan P. Jolley C.P.A.
Darryl L. Smith C.P.A.
Jaribu Nelson C.P.A.
Lan T. Kimoto
Jeffrey M. Schill

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

In planning and performing our audit of the basic financial statements of the City of Livingston (City) for the year ended June 30, 2018, in accordance with generally accepted auditing standards in the United States, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic 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 controls.

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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

This report is intended for the use of management, the City Council, and others within the organization, and it's not intended to be and should not be used by anyone other than these specified parties. We thank the City's staff for its cooperation during our audit.



February 26, 2019

BRYANT L. JOLLEY

CERTIFIED PUBLIC ACCOUNTANTS

Bryant L. Jolley C.P.A.
Ryan P. Jolley C.P.A.
Darryl L. Smith C.P.A.
Jaribu Nelson C.P.A.
Lan T. Kimoto
Jeffrey M. Schill

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

We have audited the financial statements of the City of Livingston, California (City) for the year ended June 30, 2018, and have issued our report thereon dated February 26, 2019. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under Generally Accepted Auditing Standards

As stated in our engagement letter, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with generally accepted accounting principles of the United States of America. Because an audit is designed to provide reasonable, but not absolute, assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors, fraud, or other illegal acts may exist and not be detected by us.

As part of our audit, we considered the internal controls of the City. Such considerations were solely for the purpose of determining our audit procedures and not to provide assurance concerning such internal control.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you.

Significant Accounting Policies

Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the City are described in the notes to the financial statements.

We noted no transactions entered into by the City during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance and consensus.

Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the City's financial statements were:

- Management has determined the economic useful lives of fixed assets based on past history of similar types of assets, future plans as to their use, and other factors that impact their economic value to the City. We evaluated the key factors and assumptions used by management in computing depreciation expense and believe that it is reasonable in relation to the financial statements taken as a whole.
- Management's estimate of the net pension liability and net OPEB liability and related deferrals is based on actuarial valuations which include significant assumptions regarding discount rate, inflation, payroll growth, projected salary increases and investment rate of return. We evaluated the key factors and assumptions used to develop the liability and related deferrals in determining that it is reasonable in relation to the financial statements taken as a whole.

Corrected and Uncorrected Misstatements

For purposes of this letter, professional standards define significant audit adjustments as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. An audit adjustment may or may not indicate matters that could have a significant effect on the City's financial reporting process (that is, cause future financial statements to be materially misstated). We did not identify any significant audit adjustments.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of the audit.

Consultation with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. Our professional standards require a consulting accountant to check with us if a consultation involves application of an accounting principle to the City's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements. This is to ensure that the consultant has all of the relevant facts. To our knowledge, there were no such consultations with other accountants.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter.

Other Audit Findings and Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This report is intended for the use of management, the City Council, and others within the organization, and it's not intended to be and should not be used by anyone other than these specified parties.

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

February 26, 2019

STAFF REPORT

AGENDA ITEM: Adopt a 5-year Capital Improvement Program for Transportation Improvement Projects Funded with Measure V Local Funds and SB 1 RMRA Funding

MEETING DATE: March 19, 2019

PREPARED BY: Anthony Chavarria, Public Works Director
Noe Martinez, Gouveia Engineering

REVIEWED BY: Jose Antonio Ramirez, City Manager

RECOMMENDATION:

Adopt Resolution No. 2019-___, approving a 5-year Capital Improvement Program for Transportation Improvement Projects funded with Measure V Local Funds and SB 1 RMRA funding.

BACKGROUND:

In November 2016, the Merced County voters approved Measure V, a ½ cent transportation sales tax over the next 30 years to fund transportation improvement projects within the County of Merced. This 30-year transportation measure is anticipated to generate approximately \$225 million for Local Projects of which 20% must be spent on improvements for Alternative Modes. Measure V is also generating separate funding for Regional Projects and other programs but are not considered herein.

The Measure V Local Funds will be allocated to all cities and the County based on a formula using a base amount of \$150,000 plus its share of population and road miles within the County.

Measure V Local Funds can be used for maintenance or rehabilitation of aging infrastructure. Funds can be used for new projects or programs, for safety improvements, or for maintenance or operation of existing projects or programs. Eligible uses include but are not limited to:

- Pothole repair
- Repaving streets
- Bridge repair or replacement
- Traffic signals
- Add additional lanes to existing streets and roads
- Improve sidewalks
- Bicycle or pedestrian facilities
- Railroad grade separation

Senate Bill 1 (SB 1) is a state law approved on April 28, 2017, to address the transportation funding shortfalls for California cities. SB 1 funding will be generated from increased gasoline and diesel fuel excise taxes and additional vehicle registration fees for California residents. These funds will be administered through the Road Maintenance and Rehabilitation Account (RMRA) Program.

SB 1 can be used for eligible transportation projects including, but not limited to, road maintenance and rehabilitation, safety projects, railroad grade separations, “complete streets” components, and traffic

control devices. Cities and counties will receive an annual allocation, determined from a population formula, which will be distributed on a monthly basis.

DISCUSSION:

The Measure V guidelines provide discretion to recipients for using the funds as best meets their needs. The SB 1 RMRA guidelines require transparency on the use of funds for eligible projects through annual reporting.

The City of Livingston anticipates receiving approximately \$2,200,000 from Measure V Local Funds and \$1,300,000 from SB 1 RMRA over the next 5 years. These amounts include funding that has already been received from prior years. These funds will be earmarked for street improvement projects with certain projects receiving funding from both programs to help offset their large costs. The Measure V Oversight Committee has requested from the City a formal project list that is proposed to be funded with Measure V Local Funds. The Merced County Association of Governments is also encouraging the development of this formal project list.

City staff has reviewed the guidelines for both programs to determine eligible projects and has evaluated the existing conditions of the City’s transportation infrastructure based on visual inspections and on the findings from the recently completed Pavement Management System (PMS) for the City of Livingston’s transportation network.

City staff has determined a list of projects that would be completed within the next five years. These projects vary from ongoing annual maintenance work to capital-type improvement projects. Some of the listed projects are already in the works and are included in this list for supplemental funding. The slurry seal projects were strategically selected to extend the life of the pavement per the PMS findings.

The table below shows the proposed projects to be included on the 5-year Capital Improvement Program. The program Year 1 corresponds to the City’s Fiscal Year 2018-19. The projects were programmed based on current City priorities and project costs that would match the total available annual funding from both programs. The program years are only target dates for project completion so any unfinished project would roll into the following year of the current program for completion.

<u>No.</u>	<u>Project Name</u>	<u>Funding Program</u>	<u>Program Year</u>
1	Winton Parkway Reconstruction; Joseph Gallo to Hwy 99	Meas V/SB 1	1
2	Hammatt Ave Reconstruction; Campbell to Hwy 99	Meas V/SB 1	2
3	Stefani Ave Reconstruction; Campbell to Swan Street	SB 1	5
4	F Street and Barcelona Lighted Crosswalk	Meas V	3
5	City-wide Sidewalk Repair/Infill Project	Meas V	1,2,3,4,5
6	City-wide Street Striping Thermoplastic	Meas V	1,2,3,4,5
7	City-wide Street Crack Sealing	Meas V	1,2,3,4,5
8	City-wide Street Pothole Repairs	Meas V	1,2,3,4,5
9	City-wide Street Sign Replacement and Upgrades	Meas V	1,2,3,4,5
10	1st and I Street ADA Curb Ramps (4 corners)	Meas V	3
11	Prusso and I Street ADA Curb Ramps (2 corners)	Meas V	3
<u>No.</u>	<u>Project Name</u>	<u>Funding Program</u>	<u>Program Year</u>
12	Construct ADA Curb Ramp at Main and 1st Street Crosswalk	Meas V	3

13	Park and 1st Street ADA Curb Ramps (2 corners)	Meas V	3
14	B Street Slurry Seal; Prusso to Winton Parkway	Meas V	1
15	Briarwood Drive Quadrant Slurry Seals	Meas V	4
16	F Street Quadrant Slurry Seals	Meas V	4
17	Main Street Quadrant Slurry Seals	Meas V	1
18	Dwight Way Quadrant Slurry Seals	Meas V	3
19	Olds Avenue Quadrant Slurry Seals	Meas V	5
20	Burgandy Drive Quadrant Slurry Seals	Meas V	4
21	Peach Avenue Quadrant Slurry Seals	Meas V	5

City staff recommends that the City Council consider and approve the proposed street projects for the 5-year Capital Improvement Program for the City of Livingston.

FISCAL IMPACT:

The 5-year Capital Improvement Program for street projects is anticipated to be funded 100% from Measure V Local Funds and SB 1 RMRA funding.

ATTACHMENTS:

1. Resolution No. _____

RESOLUTION NO. 2019-

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LIVINGSTON
ADOPTING A 5-YEAR CAPITAL IMPROVEMENT PROGRAM FOR TRANSPORTATION
IMPROVEMENT PROJECTS FUNDED WITH MEASURE V LOCAL FUNDS AND SB 1 RMRA
FUNDING**

WHEREAS, in November 2016, the Merced County voters approved Measure V, a ½ cent transportation sales tax over the next 30 years to generate funding for transportation improvement projects within the County of Merced; and

WHEREAS, Measure V is anticipated to provide approximately \$225 million for Local Projects of which 20% must be spent on improvements for Alternative Modes of Transportation; and

WHEREAS, Measure V Local Funds will be allocated to all cities and the County based on a formula using a base amount of \$150,000 plus its share of population and road miles within the County; and

WHEREAS, Measure V Local Funds can be used for maintenance or rehabilitation of transportation infrastructure or programs such as pothole repairs, repaving, pavement widening, traffic signals, sidewalks, and others; and

WHEREAS, the California Senate Bill (SB 1) was passed by the Legislature and signed into law by the Governor on April 28, 2017, in order to address the transportation funding shortfalls statewide; and

WHEREAS, SB 1 funding will be generated from increased gasoline and diesel fuel excise taxes and additional vehicle registration fees for California residents and administered through the Road Maintenance and Rehabilitation Account (RMRA); and

WHEREAS, SB 1 funding can be used for eligible transportation projects including, but not limited to, road maintenance and rehabilitation, safety projects, railroad grade separations, “complete streets” components, and traffic control devices; and

WHEREAS, cities and counties will receive an annual SB 1 allocation, determined from a population formula, which will be distributed on a monthly basis; and

WHEREAS, the Measure V and SB 1 guidelines provide discretion for using the funds as best meets the needs of the City; and

WHEREAS, the City of Livingston is required to prepare a formal list of transportation improvement projects to be funded with Measure V Local Funds as requested by the Measure V Oversight Committee and the Merced County Association of Governments; and

WHEREAS, the City of Livingston anticipates receiving approximately \$2,200,000 from Measure V Local Funds and \$1,300,000 from SB 1 RMRA Funding over the next 5 years and which amounts include prior year allocations; and

WHEREAS, City staff has reviewed the program guidelines and determined the following eligible projects based on existing conditions and on the findings per the City’s recently completed Pavement Management System:

<u>No.</u>	<u>Project Name</u>	<u>Funding Program</u>	<u>Program Year</u>
1	Winton Parkway Reconstruction; Joseph Gallo to Hwy 99	Meas V/SB 1	1
2	Hammatt Ave Reconstruction; Campbell to Hwy 99	Meas V/SB 1	2
3	Stefani Ave Reconstruction; Campbell to Swan Street	SB 1	5
4	F Street and Barcelona Lighted Crosswalk	Meas V	3
5	City-wide Sidewalk Repair/Infill Project	Meas V	1,2,3,4,5
6	City-wide Street Striping Thermoplastic	Meas V	1,2,3,4,5
7	City-wide Street Crack Sealing	Meas V	1,2,3,4,5
8	City-wide Street Pothole Repairs	Meas V	1,2,3,4,5
9	City-wide Street Sign Replacement and Upgrades	Meas V	1,2,3,4,5
10	1st and I Street ADA Curb Ramps (4 corners)	Meas V	3
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18	Dwight Way Quadrant Slurry Seals	Meas V	3
19	Olds Avenue Quadrant Slurry Seals	Meas V	5
20	Burgandy Drive Quadrant Slurry Seals	Meas V	4
21	Peach Avenue Quadrant Slurry Seals	Meas V	5; and

WHEREAS, these street projects will form part of the City of Livingston’s 5-year Capital Improvement Program with Year 1 corresponding to the City’s Fiscal Year 2018-19; and

WHEREAS, any unfinished project within the programmed year would be rolled into the following years of the current program for completion; and

WHEREAS, the City Council has considered the proposed projects and desires to adopt the 5-year Capital Improvement Program for transportation projects beginning on Fiscal Year 2018-19.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Livingston as follows:

Section 1. The above recitals are true and correct findings of the Livingston City Council.

Section 2. The 5-year Capital Improvement Program for transportation projects for the City of Livingston’s Fiscal Years 2018-19 thru 2022-23 is approved and adopted.

Section 3. The revenues from the Measure V Local Funds (including the 20% allocation for Alternative Modes) and SB 1 RMRA Program for the next five (5) fiscal years including prior year allocations are hereby committed to said capital program.

Section 4. Authorizes the City Manager to plan and implement the capital program for transportation projects in accordance with the available Measure V Local Funds and SB 1 RMRA funding, scope feasibility, and actual schedule of completion.

Passed and adopted this 19th day of March, 2019, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

The foregoing resolution is hereby approved.

Gurpal Samra, Mayor
of the City of Livingston

ATTEST:

I, hereby certify that the foregoing resolution was regularly introduced, passed and adopted at a Regular Meeting of the City Council of the City of Livingston this 19th day of March, 2019.

Danna Rasmussen, Deputy City Clerk
of the City of Livingston