

PRELIMINARY OFFICIAL STATEMENT DATED JUNE 1, 2020

NEW ISSUE - BOOK-ENTRY ONLY

RATING: S&P: "AA"
See "RATING"

In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Special Counsel, subject, however to certain qualifications described herein, under existing law, the portion of Lease Payments designated as and comprising interest and received by the owners of the Certificates is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax. In the further opinion of Special Counsel, such interest is exempt from California personal income taxes. Special Counsel expresses no opinion regarding any other tax consequences caused by the ownership or disposition of, or the accrual or receipt of interest on, the Certificates. See "TAX MATTERS."

\$7,700,000*

CITY OF LIVERMORE

Refunding Certificates of Participation, Series 2020A
(2014A Refunding)
(Qualified 501(c)(3) Certificates)

\$43,355,000*

CITY OF LIVERMORE

Refunding Certificates of Participation, Series 2020B
(2011 and 2014B Refundings)



Dated: Date of Delivery

Due: October 1, as shown on inside cover

Authority for Execution and Delivery. The Refunding Certificates of Participation, Series 2020A (the "2020A Certificates") and the Refunding Certificates of Participation, Series 2020B (the "2020B Certificates") captioned above (together, the "Certificates") are being executed and delivered under a Trust Agreement dated as of June 1, 2020 (the "Trust Agreement"), among the City of Livermore (the "City"), the Public Property Financing Corporation of California (the "Corporation") and U.S. Bank National Association, as trustee (the "Trustee"). See "THE CERTIFICATES – Authority for Execution and Delivery."

Purpose. The 2020A Certificates are being executed and delivered to (i) cause the current refunding of the outstanding \$9,380,000 initial principal amount Variable Rate Demand Certificates of Participation, Series 2014A (Livermore Valley Performing Arts Center Refunding) (Qualified 501(c)(3) Certificates) (the "2014A Certificates") and refinance the related portion of the City's outstanding lease payment obligations under a Lease Agreement dated as of November 1, 2014 (the "2014 Lease Agreement"), by and between the City and the Corporation, and (ii) pay certain costs of executing and delivering the 2020A Certificates.

The 2020B Certificates are being executed and delivered to (i) refinance all outstanding lease payment obligations under a Lease Agreement dated as of June 1, 2011, by and between the City and the Livermore Capital Projects Financing Authority, and cause the current refunding of the outstanding \$17,470,000 initial principal amount 2011 Certificates of Participation (the "2011 Certificates"), (ii) cause the current refunding of the outstanding \$49,720,000 initial principal amount City of Livermore Variable Rate Demand Certificates of Participation, Series 2014B (Livermore 2008 Certificates) (Governmental Certificates) (the "2014B Certificates") and refinance the related lease payment obligations under the 2014 Lease Agreement, and (iii) pay certain costs of executing and delivering the 2020B Certificates. See "PLAN OF FINANCING."

Security for the Certificates. The 2020A Certificates evidence and represent direct, undivided fractional interests in certain payments (the "2020A Lease Payments") to be made by the City pursuant to a Lease Agreement dated as of June 1, 2020 (the "Lease Agreement"), between the City and the Corporation, under which the Corporation will lease certain real property to the City in consideration of the payment by the City of the 2020A Lease Payments.

The 2020B Certificates evidence and represent direct, undivided fractional interests in certain payments (the "2020B Lease Payments" and, together with the 2020A Lease Payments, the "Lease Payments") to be made by the City pursuant to the Lease Agreement, under which the Corporation will lease certain real property to the City in consideration of the payment by the City of the 2020B Lease Payments.

The Corporation, for the benefit of the Owners of the Certificates, has assigned, among other things, its right to receive Lease Payments to the Trustee.

Neither the Corporation nor the City is establishing a reserve fund for the Certificates. See "SECURITY FOR THE CERTIFICATES."

Terms of the Certificates. The Certificates will be executed and delivered in denominations of \$5,000 principal amount or integral multiples thereof. Interest with respect to the Certificates accrues from their date of delivery and is payable semiannually on April 1 and October 1, commencing October 1, 2020. See "THE CERTIFICATES – General Certificate Terms."

Book-Entry Only. The Certificates will be executed and delivered as fully registered certificates in book-entry form only, initially registered in the name of Cede & Co., New York, New York, as nominee of The Depository Trust Company ("DTC"), New York, New York. Purchasers will not receive physical certificates representing their interest in the Certificates. The principal and premium (if any) on and interest with respect to the Certificates will be payable by the Trustee to DTC for subsequent disbursement to DTC participants, so long as DTC or its nominee remains the registered owner of the Certificates. See "THE CERTIFICATES – Book-Entry System."

Prepayment. The Certificates are subject to optional prepayment, extraordinary mandatory prepayment from the net proceeds of insurance or condemnation proceedings, and mandatory sinking fund prepayment prior to their scheduled payment dates. See "THE CERTIFICATES – Prepayment of the Certificates."

This cover page contains information for general reference only, and is not a summary of the security or terms of this issue. Investors must read the entire Official Statement, including the section entitled "RISK FACTORS," for a discussion of special factors that should be considered, in addition to the other matters set forth in this Official Statement, in considering the investment quality of the Certificates.

MATURITY SCHEDULE
See inside front cover

NEITHER THE CERTIFICATES NOR THE OBLIGATION OF THE CITY TO MAKE LEASE PAYMENTS CONSTITUTES A DEBT OF THE CITY OR OF THE STATE OF CALIFORNIA OR OF ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMIT OR RESTRICTION, OR AN OBLIGATION FOR WHICH THE CITY IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE CITY HAS LEVIED OR PLEDGED ANY FORM OF TAXATION.

The Certificates will be offered when, as and if issued and accepted by the Underwriter, subject to the approval as to legality by Jones Hall, A Professional Law Corporation, San Francisco, California, Special Counsel to the City, and subject to certain other conditions. Jones Hall, A Professional Law Corporation is also serving as Disclosure Counsel to the City. Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, is serving as counsel to the Underwriter. It is anticipated that the Certificates, in book-entry form, will be available for delivery through the facilities of DTC, on or about June 25, 2020.



The date of this Official Statement is _____, 2020.

* Preliminary; subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances will this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy nor will there be any sale of these securities in any jurisdiction in which such offer solicitation or sale would be unlawful.

MATURITY SCHEDULES*

(Base CUSIP†: _____)

\$ _____

CITY OF LIVERMORE
Refunding Certificates of Participation, Series 2020A
(2014A Refunding)
(Qualified 501(c)(3) Certificates)

\$ _____ **Serial Certificates**

<u>Maturity Date</u> <u>(October 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP†</u>
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\$ _____ % Term Certificates Due October 1, 20____; Price: ____; Yield: ____%; CUSIP† : ____

\$ _____

CITY OF LIVERMORE
Refunding Certificates of Participation, Series 2020B
(2011 and 2014B Refundings)

\$ _____ **Serial Certificates**

<u>Maturity Date</u> <u>(October 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP†</u>
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\$ _____ % Term Certificates Due October 1, 20____; Price: ____; Yield: ____%; CUSIP† : ____

* Preliminary; subject to change.

† Copyright, American Bankers Association. CUSIP data are provided by Standard & Poor's CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc., and are provided for convenience of reference only. Neither the City nor the Underwriter assumes any responsibility for the accuracy of these CUSIP data.

CITY OF LIVERMORE, CALIFORNIA

City Council

John Marchand, *Mayor*
Bob Woerner, *Vice Mayor*
Robert W. Carling, *Council Member*
Bob Coomber, *Council Member*
Trish Munro, *Council Member*

City Officials

Marc Roberts, *City Manager*
Jason Alcala, *City Attorney*
Kelly Trujillo, *Assistant City Attorney*
Marie Weber, *City Clerk*
Douglas Alessio, *Administrative Services Director*
Bhavna Chaudhary, *Finance Manager*
Tze-Ki Lam, *Management Analyst*

Special Counsel and Disclosure Counsel

Jones Hall, A Professional Law Corporation
San Francisco, California

Municipal Advisor

KNN Public Finance, LLC
Oakland, California

Trustee

U.S. Bank National Association
Los Angeles, California

Escrow Bank

MUFG Union Bank, N.A.
San Francisco, California

Verification Agent

Causey Demgen & Moore P.C.
Denver, Colorado

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

Use of Official Statement. This Official Statement is submitted in connection with the sale of the Certificates referred to herein and may not be reproduced or used, in whole or in part, for any other purpose. This Official Statement is not to be construed as a contract with the purchasers of the Certificates.

Estimates and Forecasts. When used in this Official Statement and in any continuing disclosure by the City, in any press release and in any oral statement made with the approval of an authorized officer of the City, the words or phrases “will likely result,” “are expected to,” “will continue,” “is anticipated,” “estimate,” “project,” “forecast,” “expect,” “intend” and similar expressions identify “forward looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Any forecast is subject to such uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material.

Limit of Offering. No dealer, broker, salesperson or other person has been authorized by the City or the Underwriter to give any information or to make any representations other than those contained herein and, if given or made, such other information or representation must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Certificates by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

Limited Scope of Information. The City has obtained certain information set forth herein from sources that are believed to be reliable, but this information is not guaranteed as to accuracy or completeness. The information and expressions of opinions herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City or any other parties described in this Official Statement since the date hereof.

All summaries of or references to the documents referred to in this Official Statement are made subject to the provisions of such documents and do not purport to be complete statements of any or all of such provisions. All capitalized terms used herein, unless noted otherwise, have the meanings given them in APPENDIX B.

Stabilization of Prices. In connection with this offering, the Underwriter may over-allot or effect transactions that stabilize or maintain the market price of the Certificates at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time. The Underwriter may offer and sell the Certificates to certain dealers and others at prices lower than the public offering prices set forth on the cover page hereof and said public offering prices may be changed from time to time by the Underwriter.

The Underwriter has provided the following sentence for inclusion in this Official Statement: The Underwriter has reviewed the information in this Official Statement in accordance with, and as a part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

NO REGISTRATION. THE CERTIFICATES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON AN EXCEPTION FROM THE REGISTRATION REQUIREMENTS CONTAINED IN SUCH ACT. THE CERTIFICATES HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY STATE.

City Internet Site. The City maintains a website, but the information presented on the website is not a part of this Official Statement and should not be relied upon in making an investment decision with respect to the Certificates.

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OFFICIAL STATEMENT

\$7,700,000*
CITY OF LIVERMORE
Refunding Certificates of Participation, Series 2020A
(2014A Refunding)
(Qualified 501(c)(3) Certificates)

\$43,355,000*
CITY OF LIVERMORE
Refunding Certificates of Participation, Series 2020B
(2011 and 2014B Refundings)

The purpose of this Official Statement (which includes the cover page and the attached appendices) is to provide information concerning the execution and delivery of two series of certificates of participation (collectively, the “**Certificates**”):

2020A Certificates: The City of Livermore Refunding Certificates of Participation, Series 2020A (2014A Refunding) (Qualified 501(c)(3) Certificates) (“**2020A Certificates**”) evidence and represent direct, undivided fractional interests of the registered owners thereof in certain semiannual lease payments (the “**2020A Lease Payments**”) to be made by the City of Livermore (the “**City**”) to the Public Property Financing Corporation of California (the “**Corporation**”) under the Lease Agreement described below.

2020B Certificates: The City of Livermore Refunding Certificates of Participation, Series 2020B (2011 and 2014B Refundings) (“**2020B Certificates**”) evidence and represent direct, undivided fractional interests of the registered owners thereof in certain semiannual lease payments (the “**2020B Lease Payments**”) and, together with the 2020A Lease Payments, the “**Lease Payments**”) to be made by the City to the Corporation under the Lease Agreement.

Any statements made in this Official Statement involving matters of opinion or of estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized.

Capitalized terms used but not defined in this Official Statement have the meanings set forth in APPENDIX B.

INTRODUCTION

The City. The City is a general law city with a council/manager form of government, which was incorporated on April 1, 1876. It comprises approximately 24.72 square miles and is located in southeastern Alameda County, approximately 43 miles southeast of San Francisco and 30 miles southeast of Oakland.

For selected financial, economic and demographic information about the City, see “APPENDIX A – City of Livermore General Financial and Demographic Information.”

The City’s audited financial statements for the fiscal year ended June 30, 2019, are attached as APPENDIX C.

Authority for Execution and Delivery. The Certificates are being executed and delivered under a Trust Agreement dated as of June 1, 2020 (the “**Trust Agreement**”), among the City, the Corporation and U.S. Bank National Association, as trustee (the “**Trustee**”).

Purposes.

The 2020A Certificates are being executed and delivered to:

- (i) cause the current refunding of the outstanding \$9,380,000 initial principal amount Variable Rate Demand Certificates of Participation, Series 2014A (Livermore Valley Performing Arts Center Refunding) (Qualified 501(c)(3) Certificates),” which were executed and delivered on November 7, 2014, and are currently outstanding in the aggregate principal amount of \$8,805,000 (the “**2014A Certificates**”), and refinance the related outstanding lease payment obligation (the “**2014A Lease Payments**”) under a Lease Agreement dated as of November 1, 2014 (the “**2014 Lease Agreement**”), by and between the City and the Public Agency Finance Corporation (the “**Prior Corporation**”); and
- (ii) pay certain costs of executing and delivering the 2020A Certificates.

The 2020B Certificates are being executed and delivered to:

- (i) refinance all outstanding lease payment obligations (the “**2011 Lease Payments**”) under a Lease Agreement dated as of June 1, 2011 (the “**2011 Lease Agreement**”), by and between the City and the Livermore Capital Projects Financing Authority, and cause the current refunding of the outstanding \$17,470,000 initial principal amount “2011 Certificates of Participation (Capital Projects)”, which were executed and delivered on June 30, 2011, and are currently outstanding in the aggregate principal amount of \$14,495,000 (the “**2011 Certificates**”);
- (ii) cause the current refunding of the outstanding \$49,720,000 initial principal amount City of Livermore Variable Rate Demand Certificates of Participation, Series 2014B (Livermore 2008 Certificates) (Governmental Certificates), which were executed and delivered on November 7, 2014, and are currently outstanding in the aggregate principal amount of \$35,530,000 (the “**2014B Certificates**” and, together with the 2014A

Certificates, the “**2014 Certificates**”) and refinance the related outstanding payment obligation (the “**2014B Lease Payments**” and, together with the 2014A Lease Payments, the “**2014 Lease Payments**”) under the 2014 Lease Agreement; and

- (iii) pay certain costs of executing and delivering the 2020B Certificates.

See “PLAN OF FINANCING.”

Security for the Certificates. In order to provide funds to refinance the 2011 Lease Payments and 2014 Lease Payments, respectively, the Corporation and the City have entered into a Site Lease dated as of June 1, 2020 (the “**Site Lease**”), pursuant to which the City will lease certain real property and the improvements thereon (the “**Leased Property**”) to the Corporation, and the Corporation and the City have entered into a Lease Agreement dated as of June 1, 2020 (the “**Lease Agreement**”), under which the Corporation will lease the Leased Property back to the City in consideration of the payment by the City of semiannual lease payments (the “**Lease Payments**”). See “THE LEASED PROPERTY” for a description of the Leased Property.

The Corporation will assign its right to receive the Lease Payments to the Trustee under an Assignment Agreement dated as of June 1, 2020 (the “**Assignment Agreement**”), between the Corporation and the Trustee, in consideration for which the Trustee has agreed to execute and deliver the Certificates. The 2020A Certificates evidence and represent direct, undivided fractional interests of the Certificate Owners in the 2020A Lease Payments, and the 2020B Certificates evidence and represent direct, undivided fractional interests of the Certificate Owners in the 2020B Lease Payments. See “SECURITY FOR THE CERTIFICATES.”

Funds for the Lease Payments. The Lease Payments are payable from any source of available moneys of the City. Subject to provisions of the Lease Agreement providing for abatement of the Lease Payments in certain circumstances (see “- Abatement” below), the City covenants in the Lease Agreement to take such action as may be necessary to include all Lease Payments in each of its budgets during the term of the Lease Agreement and to make the necessary annual appropriations for the Lease Payments.

The City intends to make the Series 2020A Lease Payments first, and primarily, from certain “Combined Host Community Impact Fees” (see “SECURITY FOR THE CERTIFICATES - Source of Payments; Budget and Appropriation” below”), and, in the Lease Agreement, the City pledges the Combined Host Community Impact Fees to the payment of the Series 2020A Lease Payments.

The Combined Host Community Impact Fees are not available to pay the 2020B Lease Payments.

No Reserve Fund. No debt service reserve fund has been established with respect to the Certificates. See “RISK FACTORS – No Debt Service Reserve Fund.”

Prepayment. The Certificates are subject to optional prepayment, extraordinary mandatory prepayment from the net proceeds of insurance or condemnation proceedings, and mandatory sinking fund prepayment prior to their scheduled payment dates. See “THE CERTIFICATES – Prepayment of the Certificates.”

Abatement. The Lease Payments are subject to complete or partial abatement in the event and to the extent that there is substantial interference with the City's use and possession of the Leased Property or any portion thereof. If the Lease Payments are abated under the Lease Agreement, the Certificate Owners would receive less than the full amount of principal of and interest represented by the Certificates. To the extent proceeds of rental interruption insurance are available, Lease Payments (or a portion thereof) may be made from those proceeds during periods of abatement. In addition, the 2020A Lease Payments may be made during periods of abatement from the Community Host Impact Fees described below. See "SECURITY FOR THE CERTIFICATES – Abatement" and "RISK FACTORS – Abatement."

Legal Opinions. Upon delivery of the Certificates, Jones Hall, A Professional Law Corporation, San Francisco, California, Special Counsel ("**Special Counsel**") will release its final approving legal opinions with respect to the Certificates, regarding the validity and tax-exempt status of the Certificates, in the forms attached hereto as APPENDIX D.

Risk Factors. The Certificates are payable only from Lease Payments made by the City to the Corporation and assigned to the Trustee under the Trust Agreement. For a discussion of some of the risks associated with the purchase of the Certificates, see "RISK FACTORS."

COVID-19 Statement. The COVID-19 pandemic has resulted in a public health crisis that is fluid and unpredictable, with financial and economic impacts that cannot be predicted. As such, investors are cautioned that the City cannot at this time predict the impacts that the COVID-19 pandemic may have on its operations and finances, property values in the City, and economic activity in the City, the State and the nation. For more disclosure regarding the COVID-19 emergency, see "RISK FACTORS – Infectious Disease Outbreak and COVID-19 Global Pandemic" and "APPENDIX A - CITY OF LIVERMORE GENERAL FINANCIAL AND DEMOGRAPHIC INFORMATION - State Budget and Its Impact on the City."

Limited Obligations. NEITHER THE CERTIFICATES NOR THE OBLIGATION OF THE CITY TO MAKE LEASE PAYMENTS CONSTITUTES A DEBT OF THE CITY OR OF THE STATE OF CALIFORNIA OR OF ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMIT OR RESTRICTION, OR AN OBLIGATION FOR WHICH THE CITY IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE CITY HAS LEVIED OR PLEDGED ANY FORM OF TAXATION.

PLAN OF FINANCING

The proceeds of the 2020A Certificates will be used to (i) refinance the 2014A Lease Payments and cause the current refunding of the 2014A Certificates and (ii) pay certain costs of executing and delivering the Certificates. The proceeds of the 2020B Certificates will be used to (i) refinance the 2011 Lease Payments and cause the current refunding of the 2011 Certificates, (ii) refinance the 2014B Lease Payments and cause the current refunding of the 2014B Certificates and (iii) pay certain costs of executing and delivering the Certificates.

Refinancing of 2011 Lease Payments and Prepayment of 2011 Certificates

Net proceeds of the 2011 Certificates were used to finance the acquisition and construction of a new Airport Administration Building for the Livermore Municipal Airport, a two mile extension of Jack London Boulevard, including a bridge over Arroyo Las Positas, a sewer force main and water and electrical utilities, and storm drain facilities.

On the date of execution and delivery of the Certificates (the “**Closing Date**”), the City will cause a portion of the proceeds of the 2020B Certificates to be transferred to MUFG Union Bank, N.A., as Escrow Bank (the “**Escrow Bank**”), for deposit into an escrow fund (the “**Escrow Fund**”) established under the 2011 Escrow Deposit and Trust Agreement, dated as of June 1, 2020, between the City and Escrow Bank, in an amount sufficient to refinance the remaining 2011 Lease Payments and cause the current refunding of the 2011 Certificates on August 1, 2020 (the “**Prepayment Date**”).

All amounts held in the Escrow Fund will be applied on the Prepayment Date to prepay the 2011 Lease Payments and cause the prepayment of the 2011 Certificates at a price equal to 100% of their aggregate principal amount, together with accrued interest to the Prepayment Date, without premium.

The amounts held by the Escrow Bank are pledged solely to the prepayment of the 2011 Lease Payments and refunding of the 2011 Certificates. The funds deposited into the Escrow Fund will not be available for the payment of debt service on the Certificates; however, following the prepayment of the 2011 Lease Payments in full and prepayment of the 2011 Certificates, the Escrow Bank will transfer any amounts remaining on deposit in the Escrow Fund to the Trustee to be applied to pay interest next coming due and payable on the 2020B Certificates.

The 2011 Certificates expected to be prepaid on the Prepayment Date are described in the following table:

**City of Livermore
2011 Certificates of Participation
(Livermore Capital Projects Financing Authority)**

Maturity Date (August 1)	Principal Amount	Interest Rate	CUSIP [†]
2020	\$405,000	3.400%	538164GW8
2021	420,000	3.600	538164GX6
2022	435,000	3.800	538164GY4
2023	455,000	4.000	538164GZ1
2024	470,000	4.000	538164HA5
2025	490,000	4.250	538164HB3
2026	515,000	4.500	538164HC1
2027	540,000	4.700	538164HL1
2028	565,000	4.750	538164HM9
2029	590,000	5.000	538164HN7
2030	625,000	5.000	538164HP2
2031	655,000	5.000	538164HD9
2032	690,000	5.000	538164HE7
2033	725,000	5.000	538164HF4
2034	760,000	5.000	538164HG2
2035	800,000	5.250	538164HH0
2036	845,000	5.250	538164HJ6
2041	4,960,000	5.250	538164HK3

[†] CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by S&P Global Market Intelligence on behalf of The American Bankers Association. Neither the City nor the Underwriter takes any responsibility for the accuracy of the CUSIP data.

Verification of Mathematical Accuracy

Causey Demgen & Moore P.C., Denver, Colorado (the “**Verification Agent**”), will verify the sufficiency of the deposits in the Escrow Fund for the purposes described above. Assuming the accuracy of the Verification Agent’s computations, as a result of the deposit and application of funds as provided in the Escrow Fund, the City’s obligation to make 2011 Lease Payments will be discharged.

The Verification Agent has restricted its procedures to examining the arithmetical accuracy of certain computations and has not made any study or evaluation of the assumptions and information upon which the computations are based and, accordingly, has not expressed an opinion on the data used, the reasonableness of the assumptions, or the achievability of the forecasted outcome.

Refinancing of 2014 Lease Payments and Prepayment of 2014 Certificates

Net proceeds of the 2014A Certificates were used to redeem and retire revenue bonds issued by the California Statewide Communities Development Authority (the “**2006 Bankhead Theater Bonds**”), and to provide financing for development of a 500-seat performing arts theater (the “**Bankhead Theater**”) pursuant to a master settlement agreement, dated as of September 22, 2014 (the “Settlement Agreement”), among the City, The Bank of New York Mellon and the Livermore Valley Performing Arts Center (“**LVPAC**”). The Settlement Agreement resulted in the transfer of the Bankhead Theater to the City.

Net proceeds of the 2014B Certificates were used to refinance the City’s then-outstanding City of Livermore Variable Rate Demand Certificates of Participation (Refunding and Capital Projects).

The interest component of the 2014 Lease Payments reflect a variable rate of interest, and the City previously delivered letters of credit issued by U.S. Bank National Association to provide support for the payment of the principal of and interest with respect to the 2014 Certificates, and the purchase price of the Certificates upon the optional or mandatory tender thereof.

On the Closing Date, the City will cause a portion of the proceeds of the 2020A Certificates and a portion of the 2020B Certificates to be transferred to the Trustee to be applied in accordance with reimbursement instructions to be given by the City.

Estimated Sources and Uses of Funds

The proceeds to be received from the sale of the Certificates, and related amounts, are anticipated to be applied as follows:

<u>SOURCES</u>	<u>2020A Certificates</u>	<u>2020B Certificates</u>	<u>Total</u>
Principal Amount of Certificates			
<i>Plus/Less: Net Original Issue Premium/(Discount)</i>			
Amounts Related to 2011 Certificates			
Amounts Related to 2014 Certificates			
<i>Total Sources</i>			

USES

Deposit into 2011 Escrow Fund [1]
 Deposit into 2014 Lease Payment Funds [2]
 Deposit into Costs of Issuance Fund [3]
 Purchaser's Discount
Total Uses

- [1] To be used to prepay the 2011 Lease Payments on the Prepayment Date. See “– Refinancing of 2011 Lease Payments and Prepayment of 2011 Certificates.”
- [2] To be used to prepay the 2014 Lease Payments on the Prepayment Date. See “– Refinancing of 2014 Lease Payments and Prepayment of 2014 Certificates.”
- [3] Includes fees of Special Counsel, Disclosure Counsel, municipal advisor, rating agency, Trustee and Escrow Bank; title insurance premium; printing costs; and other costs of executing and delivering the Certificates.

THE CERTIFICATES

This section provides summaries of the Certificates and certain provisions of the Trust Agreement. See “APPENDIX B – Summary of Principal Legal Documents” for a more complete summary of the Trust Agreement. Capitalized terms used but not defined in this section have the meanings given in APPENDIX B.

Authority for Execution and Delivery

The Certificates are being executed and delivered under the Trust Agreement, a resolution of the City Council adopted on May 11, 2020, and a resolution of the Board of Directors of the Corporation adopted on April 15, 2020. Under these resolutions, the Certificates may be executed and delivered in a maximum principal amount of \$60,000,000.

General Certificate Terms

Certificate Terms. The Certificates will be dated as of the date of original delivery, will bear interest at the rates per annum and will mature on the dates and in the amounts set forth on the inside front cover of this Official Statement. The Certificates will be executed and delivered in fully registered form without coupons in denominations of \$5,000 principal amount or any integral multiple of \$5,000, except that no Certificate will represent principal payable in more than one year.

Interest with respect to the Certificates accrues from their date of delivery and is payable semiannually on April 1 and October 1, commencing October 1, 2020 (each, an “**Interest Payment Date**”).

Book-Entry Only System. The Certificates, when executed and delivered, will be registered in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company, New York, New York (“**DTC**”). So long as DTC, or Cede & Co. as its nominee, is the registered owner of all Certificates, all payments with respect to the Certificates will be made directly to DTC, and disbursement of such payments to the participants in DTC’s book-entry system (“**DTC Participants**”) will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners (defined below) will be the responsibility of the DTC Participants, as more fully described hereinafter. See “– Book-Entry System” below.

Calculation of Interest. Interest represented by each Certificate will be payable from the Interest Payment Date next preceding the date of execution thereof, unless:

- (a) it is executed as of an Interest Payment Date, in which event interest with respect thereto shall be payable from such Interest Payment Date,
- (b) it is executed after a Regular Record Date and before the following Interest Payment Date, in which event interest with respect thereto shall be payable from such Interest Payment Date, or
- (c) it is executed on or before September 15, 2020, in which event interest with respect thereto shall be payable from the Closing Date.

Interest represented by the Certificates is payable on each Interest Payment Date to and including the date of maturity or prepayment, whichever is earlier.

Such interest represents the portion of Lease Payments designated as interest and coming due on each of the respective Interest Payment Dates. The share of the portion of Lease Payments designated as interest with respect to any Certificate will be computed by multiplying the portion of Lease Payments designated as principal represented by such Certificate by the rate of interest represented by such Certificate (on the basis of a 360-day year consisting of twelve 30-day months).

Regular Record Date. The Trust Agreement defines the “Regular Record Date” with respect to the Certificates as the close of business on the 15th calendar day of the month immediately preceding each Interest Payment Date, whether or not such 15th calendar day is a Business Day.

Payments of Interest and Principal. Payment of interest represented by any Certificate on any Interest Payment Date will be made to the person appearing on the Registration Books as the Owner thereof as of the close of business on the Regular Record Date immediately preceding such Interest Payment Date, such interest to be paid by check mailed on the applicable Interest Payment Date to such Owner, by first class mail postage prepaid, at such Owner’s address as it appears on the Registration Books.

At the written request of the Owner of Certificates in an aggregate principal amount of at least \$1,000,000, which written request is on file with the Trustee prior to the Regular Record Date preceding any Interest Payment Date, the Trustee will pay interest represented by such Certificates coming due and payable on such Interest Payment Date by wire transfer in immediately available funds to such account in the United States as is specified in such written request.

The principal, interest and prepayment premium, if any, represented by any Certificate at maturity or upon prepayment are payable in lawful money of the United States of America upon surrender of such Certificate at the Principal Corporate Trust Office.

Notwithstanding the foregoing, while the Certificates are held in the book-entry only system of DTC, all such payments of principal, premium (if any) of, and interest with respect to, the Certificates will be made to Cede & Co. as the registered owner of the Certificates, for subsequent disbursement to Participant and beneficial owners. See “APPENDIX F – BOOK-ENTRY PROVISIONS.”

Prepayment of the Certificates*

Optional Prepayment. The Certificates maturing on or before October 1, 20__, are not subject to optional prepayment before their respective stated maturities.

The Certificates maturing on or after October 1, 20__, are subject to optional prepayment in whole at any time or in part on any date, on or after October 1, 20__, at a prepayment price equal to 100% of the principal amount thereof and accrued interest to the date fixed for prepayment, without premium, from the proceeds of the optional prepayment of Lease Payments made by the City pursuant to the Lease Agreement.

* Preliminary; subject to change.

Extraordinary Mandatory Prepayment From Net Proceeds of Insurance or Condemnation. The Certificates are subject to mandatory prepayment, in whole on any date or in part on any Interest Payment Date, from the Net Proceeds of an insurance, title insurance, condemnation, or eminent domain award to the extent credited towards the prepayment of the Lease Payments by the City pursuant to the Lease Agreement, at a prepayment price equal to the principal amount thereof to be prepaid, together with accrued interest to the date fixed for prepayment, without premium.

Mandatory Sinking Fund Prepayment. The 2020A Certificates maturing on October 1, 20__ (the “**2020A Term Certificates**”), are subject to mandatory prepayment in part by lot on October 1 in each year on and after October 1, 20__, from the principal components of scheduled 2020A Lease Payments required to be paid by the City pursuant to the Lease Agreement with respect to each such prepayment date, at a prepayment price equal to the principal amount thereof to be prepaid, together with accrued interest to the date fixed for prepayment, without premium, as follows:

Sinking Fund Prepayment Date <u>(October 1)</u>	Principal Amount <u>To Be Prepaid</u>
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(Maturity)

The 2020B Certificates maturing on October 1, 20__ (the “2020B Term Certificates” and, together with the 2020A Term Certificates, the “**Term Certificates**”), are subject to mandatory redemption in part by lot on October 1 in each year on and after October 1, 20__, from the principal components of scheduled Lease Payments required to be paid by the City pursuant to the Lease Agreement with respect to each such prepayment date, at a prepayment price equal to the principal amount thereof to be prepaid, together with accrued interest to the date fixed for prepayment, without premium, as follows:

Sinking Fund Prepayment Date <u>(October 1)</u>	Principal Amount <u>To Be Prepaid</u>
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(Maturity)

Notwithstanding the provisions of the previous paragraphs, if some but not all a Term Certificate is prepaid as described in “– Optional Prepayment” or “– Extraordinary Mandatory Prepayment from Net Proceeds of Insurance or Condemnation,” each such prepayment shall reduce the amount of respective Certificates to be prepaid in each subsequent year pursuant to the mandatory prepayment provisions, pro rata, to correspond to the principal components of the respective Lease Payments prevailing following such prepayment.

Selection of Certificates for Prepayment. Whenever less than all of the outstanding Certificates are to be prepaid on any one date, the Trustee will select the Certificates to be prepaid from the Outstanding Certificates not previously called for prepayment pro rata among the outstanding 2020A Certificates and 2020B Certificates, pro rata among maturities

of the Certificates within a series, and by lot within a maturity within a series; provided that at all times the unpaid Certificates will equal the then unpaid Lease Payments. The Trustee will select Certificates for prepayment within a maturity by lot in any manner which the Trustee, in its sole discretion, deems appropriate and fair. For the purposes of such selection, Certificates will be deemed to be composed of \$5,000 portions and any such portion may be separately prepaid.

Notice of Prepayment. While the Certificates are subject to DTC's book-entry system, the Trustee will be required to give notice of prepayment only to DTC as provided in the letter of representations executed by the City and received and accepted by DTC. DTC and DTC Participants will have sole responsibility for providing any such notice of prepayment to the beneficial owners of the Certificates to be prepaid. Any failure of DTC to notify any Participant, or any failure of DTC Participants to notify the Beneficial Owner of any Certificates to be prepaid, of a notice of prepayment or its content or effect prepayment redemption described below under "–Effect of Notice of Prepayment."

During any period in which the Certificates are not subject to the book-entry system, notice of prepayment of any Certificates to be prepaid will be given to the respective Owners of Certificates designated for prepayment by first-class mail, postage prepaid, at their addresses appearing on the registration books of the Trustee at least 20 but not more than 60 days prior to the prepayment date. Such notice must also be given to each of certain specified securities depositories and to certain other specified services. Neither failure to receive a prepayment notice nor any defect in the notice shall affect the sufficiency of the proceedings for the prepayment of the Certificates.

However, while the Certificates are subject to DTC's book-entry system, the Trustee will be required to give notice of prepayment only to DTC as provided in the letter of representations executed by the City and received and accepted by DTC. DTC and DTC Participants will have sole responsibility for providing any such prepayment notice to the beneficial owners of the Certificates to be prepaid. Any failure of DTC to notify any Participant, or any failure of DTC Participants to notify the Beneficial Owner of any Certificates to be prepaid, of a notice of prepayment or its content or effect, will not affect the validity of the notice of prepayment, or alter the effect of prepayment set forth in the Trust Agreement.

Rescission of Prepayment. The City has the right to rescind any notice of the optional prepayment of Certificates by written notice to the Trustee on or prior to the dated fixed for prepayment. Any notice of optional prepayment will be cancelled and annulled if for any reason funds will not be or are not available on the date fixed for prepayment for the payment in full of the Certificates then called for prepayment, and such cancellation will not constitute an Event of Default. The City and the Trustee have no liability to the Owners or any other party related to or arising from such rescission of prepayment.

The Trustee will mail notice of such rescission of prepayment to the respective Owners of the Certificates designated for prepayment at their respective addresses appearing on the Registration Books, and to the Securities Depositories and the Municipal Securities Rulemaking Board.

Effect of Notice of Prepayment. If moneys for the prepayment (including the interest to the applicable date of prepayment) of Certificates have been set aside in the Lease Payment Fund, the Certificates will become due and payable on the date of such prepayment, and, upon

presentation and surrender thereof at the Office of the Trustee, those Certificates will be paid at the unpaid principal amount (or applicable portion thereof) represented thereby plus interest accrued and unpaid to the date of prepayment.

If, on the date of prepayment, moneys for the prepayment of all the Certificates to be prepaid, together with interest represented thereby to the date of prepayment, are held by the Trustee so as to be available therefor on such date of prepayment, then, from and after the date of prepayment, interest represented by the Certificates will cease to accrue and become payable. All moneys held by the Trustee for the prepayment of Certificates will be held in trust for the account of the Owners of the Certificates so to be prepaid, and will be held by the Trustee in cash uninvested.

Purchase of Certificates in Lieu of Prepayment. In lieu of prepayment of Certificates as provided in the Trust Agreement, amounts held by the Trustee for such prepayment may, at the written request of the City Representative received by the Trustee at least 75 days prior to the selection of Certificates for prepayment, be applied by the Trustee to the purchase of Certificates at public or private sale as and when and at such prices (including brokerage, accrued interest and other charges) as the City may in its discretion direct, but not to exceed the prepayment price which would be payable if such Certificates were prepaid.

Book-Entry System

DTC will act as securities depository for the Certificates. The Certificates will be executed and delivered as fully-registered Certificates registered in the name of Cede & Co. (DTC's partnership nominee). One fully-registered Certificate will be executed and delivered for each maturity of the Certificates, each in the aggregate principal amount of such maturity, and will be deposited with DTC. See "APPENDIX F – BOOK-ENTRY PROVISIONS".

The City and the Trustee cannot and do not give any assurances that DTC, DTC Participants or others will distribute payments of principal, interest or premium with respect to the Certificates paid to DTC or its nominee as the registered owner, or will distribute any prepayment notices or other notices, to the Beneficial Owners, or that they will do so on a timely basis or will serve and act in the manner described in this Official Statement. The City and the Trustee are not responsible or liable for the failure of DTC or any DTC Participant to make any payment or give any notice to a Beneficial Owner with respect to the Certificates or an error or delay relating thereto.

Registration, Transfer and Exchange

The provisions of the Trust Agreement regarding the registration, exchange and transfer of the Certificates apply only during any period in which the Certificates are not subject to DTC's book-entry system. While the Certificates are subject to DTC's book-entry system, their registration, exchange and transfer will be effected through DTC and DTC Participants and will be subject to the procedures, rules and requirements established by DTC. See APPENDIX F.

Registration. The Trustee will keep or cause to be kept sufficient records for the registration and registration of transfer of the Certificates, which will at all reasonable times be open to inspection by the City and the Corporation upon prior notice, during regular business hours; and, upon presentation for such purpose, the Trustee will, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on the Registration Books, Certificates as provided in the Trust Agreement.

Transfer of Certificates. The registration of any Certificate may, in accordance with its terms, be transferred upon the Registration Books by the person in whose name it is registered, in person or by duly authorized attorney, upon surrender of such Certificate for cancellation at the Office of the Trustee, accompanied by delivery of a written instrument of transfer in a form acceptable to the Trustee, manually executed. Whenever any Certificate or Certificates is surrendered for registration of transfer, the Trustee will execute and deliver a new Certificate or Certificates representing the same maturity, interest rate and aggregate principal amount, in any authorized denominations. The Trustee will require the Certificate Owner to pay all costs of the Trustee incurred in connection with any such transfer and any tax or other governmental charge required to be paid with respect to such transfer.

Exchange of Certificates. Certificates may be exchanged at the Office of the Trustee, for a like aggregate principal amount of Certificates representing other authorized denominations of the same interest rate and maturity. The City will pay all costs of the Trustee incurred in connection with any such exchange, except that the Trustee will require the payment by the Certificate Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange.

Limitations on Transfer or Exchange. The Trustee may refuse to transfer or exchange either (i) any Certificate during the period between the date five (5) days prior to the date of selection of Certificates for prepayment and such date of selection, or (ii) any Certificate selected for prepayment in whole or in part under the Trust Agreement.

SCHEDULE OF LEASE PAYMENTS

The table below shows the annual Lease Payments, which corresponds to the payments of principal and interest with respect to the Certificates and assumes no optional or extraordinary mandatory prepayments.

Rental Period Ending (October 1)*	2020A Certificates			2020B Certificates			Grand Total
	Principal Component	Interest Component	Total	Principal Component	Interest Component	Total	
TOTAL							

(1) "Rental Period" is defined in the Lease to mean each period during the Term of the Lease commencing on and including October 2 in each year and extending to and including the next succeeding October 1, except that the first Rental Period begins on the Closing Date and ends on October 1, 2020. Lease Payments are due on the fifteenth day prior to the corresponding Interest Payment Date.

THE LEASED PROPERTY

General

Lease Payments will be made by the City under the Lease Agreement for the use and occupancy of the Leased Property, which is comprised of land and the improvements thereon, located in the City's Civic Center, consisting of the City's police facility and civic center library.

The 43,400 square foot, two-story police facility building (the "**Police Facility**"), pictured below, is a moment-resisting steel frame construction that was originally built in 1994 that houses the headquarters, offices, communications center and holding facility for the City's Police Department. The estimated insured value of the Police Facility is \$18,021,000.



The 53,000 square foot, one-story civic center library (the "**Library**"), pictured below, is a moment-resisting steel frame construction that was originally built in 2004 and serves as the main branch of the City's library system. The estimated insured value of the Library is \$31,980,000.



The estimated land value of the Leased Property is \$16,544,227.

The spread of a novel coronavirus ("**COVID-19**") has caused a global pandemic and limited public access to certain City-owned facilities including the Leased Property. These mitigation measures will not cause Lease payments to be abated under the Lease Agreement. See "RISK FACTORS - Infectious Disease Outbreak and COVID-19 Global Pandemic."

Modification of Leased Property

Under the Lease Agreement, the City has the right, at its own expense, to make additions, modifications and improvements to the Leased Property or any portion thereof. All additions, modifications and improvements to the Leased Property will thereafter comprise part of the Leased Property and become subject to the provisions of the Lease Agreement.

Such additions, modifications and improvements may not in any way damage the Leased Property, or cause the Leased Property to be used for purposes other than those authorized under the provisions of state and federal law; and the Leased Property, upon completion of any additions, modifications and improvements made thereto under the Lease Agreement, must be of a value which is not substantially less than the value thereof immediately prior to the making of such additions, modifications and improvements.

The City will not permit any lien to be established or remain against the Leased Property for labor or materials furnished in connection with any remodeling, additions, modifications, improvements, repairs, renewals or replacements made by the City under the Lease Agreement; provided that if any such lien is established and the City first notifies the Corporation of the City's intention to do so, the City may in good faith contest any lien filed or established against the Leased Property, and in such event may permit the items so contested to remain undischarged and unsatisfied during the period of such contest and any appeal therefrom and will provide the Corporation with full security against any loss or forfeiture that might arise from the nonpayment of any such item, in form satisfactory to the Corporation. The Corporation will cooperate fully in any such contest, upon the request and at the expense of the City.

Substitution of Property

Under the Lease Agreement, the City has, and is granted, the option at any time and from time to time to substitute other land (a "**Substitute Site**") and/or a substitute facility or substitute facilities (a "**Substitute Facility**") for the Leased Property or any portion thereof (the "**Former Property**"), provided that the City must satisfy all of the requirements set forth in the Lease Agreement that are conditions precedent to such substitution, and which include (among others) the following:

- (a) The City must file with the Corporation and the Trustee an amendment of the Lease Agreement that adds thereto a description of such Substitute Site and/or Substitute Facility and deletes therefrom the description of such Former Property, and appropriate amendments to the Site Lease and Assignment Agreement that adds thereto a description of such Substitute Site and/or Substitute Facility and deletes therefrom the description of such Former Property.
- (b) The City must certify in writing to the Corporation and the Trustee that such Substitute Site and/or Substitute Facility serves the municipal purposes of the City and constitutes property which the City is permitted to lease under the laws of the State of California.
- (c) The City must file with the Corporation and the Trustee a certificate to the effect that the value of the Substitute Site and/or Substitute Facility and any other property that will be subject to the Lease Agreement and the Site Lease are at least equal to the value of the Former Property, and that the useful life of the Substitute Site and/or Substitute Facility at least equals the useful life of the Former Property.

Upon the satisfaction of all conditions precedent to substitution under the Lease Agreement, the Term of the Lease Agreement will thereupon end as to the Former Property and commence as to the other land (a "**Substitute Site**") and/or a substitute facility or substitute

facilities (a “**Substitute Facility**”), and all references to the Former Property will apply with full force and effect to the Substitute Site or Substitute Facility.

The City is not entitled to any reduction, diminution, extension or other modification of the Lease Payments whatsoever as a result of such substitution.

The Corporation and the City will execute, deliver and cause to be recorded all documents required to discharge the Lease Agreement, the Site Lease and the Assignment Agreement against the Former Property, and to cause the Substitute Site or Substitute Facility to become subject to all of the terms and conditions of the Lease Agreement, Site Lease and the Assignment Agreement.

See APPENDIX B for additional conditions to the substitution of property under the Lease Agreement.

Release of Property

Under the Lease Agreement, City has the option at any time and from time to time to release any portion of the Leased Property from the Lease Agreement and the Site Lease (the “**Released Property**”) provided that the City has satisfied all of the requirements of the Lease Agreement that are conditions precedent to such release, and which include (among others) the following:

- (a) The City must file with the Corporation and the Trustee an amendment of the Lease Agreement that removes the Released Property therefrom, and appropriate amendments to the Site Lease and Assignment Agreement that removes therefrom the description of the Released Property.
- (b) The City must certify in writing to the Corporation and the Trustee that the value of the property that remains subject to the Lease Agreement and the Site Lease following such removal is at least equal to the value of the property that remains subject to the Lease Agreement and the Site Lease, and to the Lease Payments thereafter coming due and payable under the Lease Agreement.

Upon the satisfaction of all conditions precedent to release under the Lease Agreement, the Term of the Lease Agreement will thereupon end as to the Released Property.

The City is not entitled to any reduction, diminution, extension or other modification of the Lease Payments whatsoever as a result of such release.

The Corporation and the City will execute, deliver and cause to be recorded all documents required to discharge the Lease Agreement, the Site Lease and the Assignment Agreement of record against the Released Property.

See APPENDIX B for additional conditions to the release of property from the Lease Agreement and the Site Lease.

THE CORPORATION

The Corporation

The Corporation was organized on April 15, 1991, as a California nonprofit public benefit corporation. The Corporation was formed for the specific and primary purpose of benefiting California governmental agencies by participating with such governmental agencies in projects to maintain, improve and assist the activities of such governmental agencies by acquiring, purchasing, selling, leasing or otherwise transferring real and personal property in connection with such projects, and assisting the governmental agencies in financing, acquiring and constructing of such projects, as well as other purposes as specified in the Corporation's articles of incorporation.

The Corporation has no financial liability to the owners of the Certificates with respect to the payment of Lease Payments by the City, or with respect to the performance by the City of the other agreements and covenants it is required to perform.

The Corporation functions as an independent entity and its policies are determined by a board of directors. Under the bylaws of the Corporation, the board of directors of the Corporation consists of at least two, but no more than five, directors holding office for terms of six years. The Corporation has no employees and the directors of the Corporation receive no compensation for work or service performed as Corporation directors.

SECURITY FOR THE CERTIFICATES

This section provides summaries of the security and sources of payment for the Certificates and certain provisions of the Trust Agreement and Lease Agreement. See APPENDIX B for a more complete summary of the Trust Agreement and Lease Agreement. Capitalized terms used but not defined in this section have the meanings given in APPENDIX B.

General

Lease Payments. Each 2020A Certificate evidences and represents a direct, undivided fractional interest of the Owner thereof in the 2020A Lease Payments to be made by the City under the Lease Agreement.

Each 2020B Certificate evidences and represents a direct, undivided fractional interest of the Owner thereof in the 2020B Lease Payments to be made by the City under the Lease Agreement.

Assignment to Trustee. Under the Assignment Agreement, the Corporation will transfer, assign and set over to the Trustee, for the benefit of the Owners of all Outstanding Certificates, substantially all of the Corporation's rights under the Lease Agreement and the Site Lease, including without limitation:

(a) the right to receive and collect all of the Lease Payments from the City under the Lease Agreement;

(b) the right to receive and collect any proceeds of any insurance maintained under the Lease Agreement with respect to the Leased Property, or any eminent domain award (or proceeds of sale under threat of eminent domain) paid with respect to the Leased Property; and

(c) the right to exercise such rights and remedies conferred on the Corporation under the Lease Agreement as may be necessary or convenient (i) to enforce payment of the Lease Payments and any other amounts required to be deposited in the Lease Payment Fund or the Insurance and Condemnation Fund established under the Trust Agreement, or (ii) otherwise to protect the interests of the Owners in the event of a default by the City under the Lease Agreement.

This assignment will be absolute and irrevocable, and will be without recourse to the Corporation.

Under the Lease Agreement, the City acknowledges that all Lease Payments have been assigned by the Corporation to the Trustee in trust under the Assignment Agreement, for the benefit of the Owners of the Certificates, and the City consents to such assignment. The Corporation directs the City, and the City agrees to pay to the Trustee at its Principal Corporate Trust Office, all Lease Payments (including prepayments thereof).

Lease Payments

Obligation to Make Lease Payments. Under the Lease Agreement (subject to the provisions of the Lease Agreement regarding abatement and prepayment), the City will pay to the Corporation, its successors and assigns, the Lease Payments (denominated into components of

principal and interest) in the respective amounts specified in the Lease Agreement, to be due and payable in immediately available funds on the Interest Payment Dates immediately following each of the respective Lease Payment Dates, and to be deposited by the City with the Trustee on each of the Lease Payment Dates.

The Lease Payments payable in any Rental Period are for the use of the Leased Property during such Rental Period.

Credits and Offsets. Any amount held in the Lease Payment Fund on any Lease Payment Date (other than amounts resulting from the prepayment of the Lease Payments in part but not in whole, and other than amounts required for payment of past due principal or interest represented by any Certificates not presented for payment) will be credited towards the Lease Payment then required to be paid.

No Lease Payment need be deposited with the Trustee on any Lease Payment Date if the amounts then held in the Lease Payment Fund are at least equal to the Lease Payment then required to be deposited with the Trustee.

Effect of Prepayment. If the City prepays all Lease Payments in full under the Lease Agreement, and if the City has paid all Additional Payments then due and payable, the City's obligations to make Lease Payments under the Lease Agreement will thereupon cease and terminate.

If the City prepays the Lease Payments in part but not in whole under the Lease Agreement, the principal components of the remaining Lease Payments will be reduced in integral multiples of \$5,000 among Lease Payment Dates on a basis that corresponds to the principal maturities of the Certificates that are prepaid; and the interest component of each remaining Lease Payment will be reduced by the aggregate corresponding amount of interest that would otherwise be payable with respect to the Certificates thereby prepaid under the Trust Agreement.

Rate on Overdue Payments. If the City fails to make any of the Lease Payments, the payment in default will continue as an obligation of the City until the amount in default has been fully paid, and the City agrees to pay the same with interest thereon, from the date of default to the date of payment at the highest rate of interest represented by any Outstanding Certificate.

Fair Rental Value. The Lease Payments coming due and payable during each Rental Period constitute the total rental for the Leased Property for such Rental Period, and the City will pay the Lease Payments in each Rental Period for and in consideration of the right of the use and occupancy of, and the continued quiet use and enjoyment of the Leased Property during each Rental Period.

The Corporation and the City have agreed and determined that the total Lease Payments represent the fair rental value of the Leased Property. In making that determination, consideration has been given to the estimated value of the Leased Property as of the Closing Date, other obligations of the City and the Corporation under this Lease, the uses and purposes that may be served by the Leased Property, and the benefits therefrom that will accrue to the City and the general public.

Source of Payments; Budget and Appropriation

General. The Lease Payments are payable from any source of legally available funds of the City, subject to the provisions of the Lease Agreement regarding abatement and prepayment.

The City covenants in the Lease Agreement to take such action as may be necessary to include all estimated Lease Payments due under the Lease Agreement in each of its final approved budgets. The City further covenants to make all necessary appropriations (including any supplemental appropriations) from any source of legally available funds of the City for all the actual amount of Lease Payments that come due and payable during the period covered by each such budget.

These covenants on the part of the City are duties imposed by law and it is the duty of each and every public official of the City to take such action and do such things as are required by law in the performance of the official duty of such officials to enable the City to carry out and perform the covenants and agreements in the Lease Agreement agreed to be carried out and performed by the City.

Host Community Impact Fees. The City intends to make the Series 2020A Lease Payments first, and primarily, from certain "Combined Host Community Impact Fees", and, in the Lease Agreement, the City pledges the Combined Host Community Impact Fees to the payment of the Series 2020A Lease Payments.

The Combined Host Community Impact Fees are not available to pay the 2020B Lease Payments.

Further information about the Combined Host Community Impact Fees is set forth below.

Fiscal Agreements. In July, 2006, Alameda County (the "**County**") and the City entered into a Fiscal Agreement, dated as of July 1, 2006 (the "**2006 Fiscal Agreement**") for the purpose of dedicating certain impact fees (as defined in the 2006 Fiscal Agreement, the "**Host Community Impact Fees**") to the financing of the Bankhead Theater, through the dedication of the Host Community Impact Fees as a source of repayment of the 2006 Bankhead Theater Bonds.

In June, 2011, the County and the City entered into a second agreement, a Fiscal Agreement (Vasco Road Host Community Impact Fees), dated as of June 27, 2011 (the "**2011 Fiscal Agreement**") for the purpose of dedicating certain impact fees (as defined in the 2011 Fiscal Agreement, the "**Vasco Host Community Impact Fees**"; together with the Host Community Impact Fees, the "**Combined Host Community Impact Fees**") to the financing of the Bankhead Theater, through the dedication of the Vasco Host Community Impact Fees as a source of repayment of the 2006 Bankhead Theater Bonds.

Subsequently, in connection with the execution and delivery of the 2014A Certificates, the City and the County executed amendments of the prior agreements to provide that the Combined Host Community Impact Fees would be applied and dedicated as a source of repayment of the 2014A Lease Payments and the Series 2014A Certificates:

- a First Amendment and Restatement of 2006 Fiscal Agreement, dated as of September 22, 2014 (the "**Amended 2006 Fiscal Agreement**") and

- a First Amendment and Restatement of 2011 Fiscal Agreement, dated as of September 22, 2014 (the “**Amended 2011 Fiscal Agreement**”; together with the Amended 2006 Fiscal Agreement, the “**Fiscal Agreements**”).

LVPAC and the County have agreed that the City may use the Combined Host Community Impact Fees to pay the 2020A Lease Payments for the purpose of refinancing the 2014A Lease Payments and the 2014A Certificates.

Combined Host Community Impact Fees. The Combined Host Community Impact Fees are collected on every ton of waste disposed at the Altamont and Vasco landfills described below throughout the life of the landfill facilities. Each January throughout the life of the landfill facilities, the fee (\$0.42 per ton for Altamont and \$11.68 per tom for Vasco) as of January 1, 2020) is adjusted to reflect the change in the consumer price index for the most recent 12-month period for all urban consumer items in San Francisco, Oakland and San Jose as published by the U.S. Department of Labor Bureau of Labor Statistics.

Vasco landfill has a design capacity of 25 million tons of solid waste disposal with an estimated closure date of 2031. Once Vasco reaches its projected capacity, the City expects tonnages previously received by Vasco to be received by Altamont. Altamont landfill’s current solid waste facility permit, dated August 2005, describes Altamont as having 87.1 million tons of design capacity with an estimated closure date of 2070. It is expected that the Altamont landfill will be able to accept waste through 2065. The disposal area is 472 acres and the permitted boundary is 2,063 acres.

The City cannot predict whether the two landfills will continue to operate through the estimated closure dates and, if they do continue to operate, whether the volume of waste disposed at the landfills will remain consistent with current or historical levels.

Mechanics of the Fiscal Agreements. Under the Fiscal Agreements, the County Auditor is obligated, not later than the first business day of each month, to transmit to the City all Combined Host Community Impact Fees received by the County during the preceding month and not previously distributed to the City.

The City covenants that all Combined Community Impact Fees will be deposited into a separate dedicated ledger fund that has been established by the City and that the City will continue to maintain throughout the term of the Fiscal Agreements. The City will maintain this fund separate and apart from all other funds and accounts of the City, and the City will at no time have any claim, lien, encumbrance or control over any amounts on deposit in the fund except as provided in the Lease Agreement, the Trust Agreement and other related documents.

Historical Combined Host Community Impact Fees. The Combined Host Community Impact Fees received by the City over the past 10 complete fiscal years are described in the following table:

Fiscal Year	Host Community Impact Fees	Vasco Host Community Impact Fees	Total	% Change
2009-10	\$331,937	\$161,502	\$493,439	--%
2010-11	374,358	129,220	503,578	2.1
2011-12 ⁽¹⁾	373,317	69,927	443,244	(12.0) ⁽¹⁾
2012-13	400,011	81,155	481,167	8.6
2013-14	399,770	79,143	478,913	(0.5)
2014-15	411,407	88,151	499,558	4.3
2015-16	350,058	89,214	439,271	(12.1) ⁽²⁾
2016-17	340,236	94,715	434,951	(1.0)
2017-18	374,188	101,991	476,179	9.5
2018-19	407,682	111,324	519,006	9.0

(1) Decline represents a reduction in waste received and discrepancies in timing of collections.

(2) Decline represents a reduction in waste sent to the Altamont facility.

Limited Obligation

THE OBLIGATION OF THE CITY TO MAKE LEASE PAYMENTS DOES NOT CONSTITUTE A DEBT OF THE CITY OR OF THE STATE OF CALIFORNIA OR OF ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMIT OR RESTRICTION, OR AN OBLIGATION FOR WHICH THE CITY IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE CITY HAS LEVIED OR PLEDGED ANY FORM OF TAXATION.

Abatement

Termination or Abatement Due to Eminent Domain. If the Leased Property is taken permanently under the power of eminent domain or sold to a government threatening to exercise the power of eminent domain, the Term of the Lease Agreement will cease with respect thereto as of the day possession is so taken.

If less than all of the Leased Property is taken permanently, or if the Leased Property is taken temporarily, under the power of eminent domain,

- (a) the Lease Agreement will continue in full force and effect with respect thereto and will not be terminated by virtue of such taking and the parties waive the benefit of any law to the contrary, and
- (b) there will be a partial abatement of Lease Payments allocated thereto, in an amount to be determined by the City such that the resulting Lease Payments represent fair consideration for the use and occupancy of the remaining usable portions of the Leased Property.

Abatement Due to Damage or Destruction. The amount of Lease Payments will be abated during any period in which by reason of damage or destruction (other than by eminent domain as described above) there is substantial interference with the use and occupancy by the City of the Leased Property or any portion thereof.

Such abatement will continue for the period commencing with such damage or destruction and ending with the substantial completion of the work of repair or reconstruction. If any such damage or destruction occurs, the Lease Agreement will continue in full force and effect and the City waives any right to terminate the Lease Agreement by virtue of any such damage and destruction.

Notwithstanding the foregoing, there will be no abatement of Lease Payments to the extent that the proceeds of hazard insurance or rental interruption insurance are available to pay Lease Payments that would otherwise be abated, it being declared that such proceeds and amounts constitute a special fund for the payment of the Lease Payments. In addition, the 2020A Lease Payments may be made during periods of abatement from the Combined Community Host Impact Fees.

Application of Net Proceeds of Insurance and Condemnation

Application of Net Proceeds of Insurance Award. Under the Trust Agreement, any Net Proceeds of insurance collected by the City in the event of accident to or destruction of any component of the Leased Property will be paid to the Trustee under the Lease Agreement and deposited by the Trustee promptly upon receipt thereof in a special fund designated as the “**Insurance and Condemnation Fund**” which the Trustee will thereupon establish.

If the City determines and notifies the Trustee in writing of its determination, within 45 days following the date of such deposit, that the replacement, repair, restoration, modification or improvement of the Leased Property is not economically feasible or in the best interests of the City, then such Net Proceeds will be promptly transferred by the Trustee to the Lease Payment Fund and applied to the prepayment of Lease Payments under the Lease Agreement and the corresponding prepayment of Certificates under the Trust Agreement. This prepayment will be made on the first Interest Payment Date for which notice of prepayment can be timely given.

Notwithstanding the foregoing, the determination of the City to apply Net Proceeds to the prepayment of Certificates is subject to the following:

- (a) if the Leased Property is damaged or destroyed in full, such Net Proceeds may be transferred to the Lease Payment Fund to be used to prepay Outstanding Certificates only if such Net Proceeds, together with other available moneys, are sufficient to cause the corresponding prepayment of all Lease Payments allocable to the Leased Property; and
- (b) if the Leased Property is damaged or destroyed in part but not in whole, such Net Proceeds may be transferred to the Lease Payment Fund to be used to prepay Outstanding Certificates only if the Lease Payments that result after the corresponding abatement thereof under the Lease Agreement are sufficient to pay the full amount of principal and interest represented by the Certificates that remain Outstanding after such prepayment.

All Net Proceeds deposited in the Insurance and Condemnation Fund and not so transferred to the Lease Payment Fund will be applied to the prompt replacement, repair, restoration, modification or improvement of the damaged or destroyed portions of the Leased Property by the City.

Notwithstanding any other provision of the Lease Agreement, the Trustee will pay to the City all moneys in the Insurance and Condemnation Fund upon the Trustee's receipt of a written notice executed by a City Representative which states that, pursuant to the Lease Agreement, the City has substituted other real property for the Leased Property that was damaged or destroyed and that there will be no abatement of the Lease Payments as a result of such damage or destruction.

Application of Net Proceeds of Eminent Domain Award. Under the Trust Agreement, if all or any part of the Leased Property is taken by eminent domain proceedings (or sold to a government threatening to exercise the power of eminent domain) the Net Proceeds therefrom will be deposited with the Trustee in the Insurance and Condemnation Fund and will be applied and disbursed by the Trustee as follows:

- (a) If the City gives written notice to the Trustee of its determination that (i) such eminent domain proceedings have not materially affected the interest of the City in the Leased Property or the ability of the City to meet any of its financial obligations under the Lease Agreement, and (ii) that such proceeds are not needed for repair, replacement or rehabilitation of the Leased Property, the Trustee will transfer such proceeds to the 2020A Lease Payment Account and the 2020B Lease Payment Account on a pro rata basis (based on the respective aggregate principal amounts of the 2020A Certificates and the 2020B Certificates at the time Outstanding), to be credited towards the payment of the Lease Payments as they become due and payable.
- (b) If the City gives written notice to the Trustee of its determination that (i) such eminent domain proceedings have not materially affected the interest of the City in the Leased Property or the ability of the City to meet any of its financial obligations under the Lease Agreement, and (ii) such proceeds are needed for repair, replacement or rehabilitation of the Leased Property, the Trustee will pay to the City, or to its order, from said proceeds such amounts as the City may expend for the repair or rehabilitation of the Leased Property.
- (c) If (i) less than all of the Leased Property is taken in such eminent domain proceedings or sold to a government threatening the use of eminent domain powers, and if the City gives written notice to the Trustee of its determination that such eminent domain proceedings have materially affected the interest of the City in the Leased Property or the ability of the City to meet any of its financial obligations under the Lease Agreement, or (ii) all of the Leased Property is taken in such eminent domain proceedings, then the Trustee will transfer such proceeds to the 2020A Lease Payment Fund and the 2020B Lease Payment Fund to be credited toward the prepayment of the Lease Payments under the Lease Agreement and applied to the corresponding prepayment of Certificates under the Trust Agreement. This prepayment will be made on the first prepayment date for which notice of prepayment can be timely given.

In making any such determination whether to repair, replace or rehabilitate the Leased Property under the Trust Agreement, the City may obtain, but is not required to obtain, at its expense, the report of an independent engineer or other independent professional consultant, a copy of which must be filed with the Trustee. Additionally, any such determination must be made

within 45 days of the date the funds are deposited with the Trustee. Any such determination by the City is final.

Covenants to Maintain Insurance

Public Liability and Property Damage Insurance. Under the Lease Agreement, the City will maintain or cause to be maintained, throughout the Term of the Lease Agreement, comprehensive general insurance in protection of the Corporation, the City and their respective members, officers, agents, employees and assigns. Such insurance must provide for indemnification of said parties against direct or contingent loss or liability for damages for bodily and personal injury, death or property damage occasioned by reason of the operation of the Leased Property. Such insurance must provide coverage in such liability limits and be subject to such deductibles as the City deems adequate and prudent.

Such insurance may be maintained as part of or in conjunction with any other insurance coverage carried by the City, and may be maintained in whole or in part in the form of a program of self-insurance by the City, or in the form of the participation by the City in a joint powers authority or other program providing pooled insurance.

The City will apply the proceeds of such insurance toward extinguishment or satisfaction of the liability with respect to which the net proceeds are paid.

Casualty Insurance. Under the Lease Agreement, the City will procure and maintain, or cause to be procured and maintained, at all times throughout the Term of the Lease Agreement, casualty insurance against loss or damage to the any part of the Leased Property, in an amount at least equal to the lesser of (a) the replacement value of such buildings, facilities and improvements, or (b) the aggregate principal amount of the Outstanding Certificates.

Such insurance will, as nearly as practicable, cover loss or damage by fire and lightning, with extended coverage and vandalism and malicious mischief insurance. Said extended coverage insurance shall, as nearly as practicable, cover loss or damage by explosion, windstorm, riot, aircraft, vehicle damage, smoke and such other hazards as are normally covered by such insurance. The City shall not be obligated to purchase earthquake coverage as part of such insurance. Such insurance may be subject to such deductibles as the City deems prudent.

Such insurance may be maintained as part of or in conjunction with any other insurance coverage carried by the City, and may be maintained in whole or in part in the form of the participation by the City in a joint powers authority or other program providing pooled insurance; provided that such insurance may not be maintained by the City in the form of self-insurance. The City shall apply the Net Proceeds of such insurance as provided in the Lease Agreement.

The City currently does not maintain earthquake insurance on the Leased Property. See "RISK FACTORS – Earthquakes and Other Natural Disasters – Seismic Risks."

Rental Interruption Insurance. Under the Lease Agreement, the City will procure and maintain, or cause to be procured and maintained, at all times throughout the Term of the Lease Agreement, rental interruption or use and occupancy insurance to cover loss, total or partial, of the use of the buildings, facilities and other improvements constituting any part of the Leased Property, as a result of any of the hazards covered in the casualty insurance required by the Lease Agreement and described above, in an amount at least equal to the maximum Lease

Payments coming due and payable during any two consecutive fiscal years during the remaining Term of the Lease Agreement.

Such insurance may be maintained as part of or in conjunction with any other insurance coverage carried by the City, and may be maintained in whole or in part in the form of the participation by the City in a joint powers authority or other program providing pooled insurance; provided that such insurance may not be maintained by the City in the form of self-insurance.

The Net Proceeds of such insurance, if any, will be paid to the Trustee and deposited in the Lease Payment Fund (such deposit to be split between the Series 2014A Lease Payment Account and the Series 2014B Lease Payment Account on a pro rata basis based on the outstanding principal component of the 2020A Lease Payments and the 2020B Lease Payments), and will be credited towards the payment of the Lease Payments allocable to the insured improvements as the same become due and payable.

See “APPENDIX B – Summary of Principal Legal Documents” for a summary of certain other insurance requirements under the Lease Agreement.

CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS

The constitutional and statutory provisions discussed in this section have the potential to affect the ability of the City to levy taxes and spend tax proceeds for operating and other purposes.

Article XIII A of the California Constitution

On June 6, 1978, California voters approved Proposition 13 (“**Proposition 13**”), which added Article XIII A to the State Constitution (“**Article XIII A**”). Article XIII A limits the amount of any ad valorem tax on real property to 1% of the full cash value thereof, except that additional ad valorem taxes may be levied to pay debt service on (i) indebtedness approved by the voters prior to July 1, 1978, (ii) (as a result of an amendment to Article XIII A approved by State voters on June 3, 1986) on bonded indebtedness for the acquisition or improvement of real property which has been approved on or after July 1, 1978, by two-thirds of the voters on such indebtedness, and (iii) bonded indebtedness incurred by a school district or community college district for the construction, reconstruction, rehabilitation or replacement of school facilities or the acquisition or lease of real property for school facilities, approved by 55% of the voters of the district, but only if certain accountability measures are included in the proposition. Article XIII A defines full cash value to mean “the county assessor’s valuation of real property as shown on the 1975-76 tax bill under full cash value, or thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership have occurred after the 1975 assessment.” This full cash value may be increased at a rate not to exceed 2% per year to account for inflation.

Article XIII A has subsequently been amended to permit reduction of the “full cash value” base in the event of declining property values caused by damage, destruction or other factors, to provide that there would be no increase in the “full cash value” base in the event of reconstruction of property damaged or destroyed in a disaster and in other minor or technical ways.

Legislation Implementing Article XIII A. Legislation has been enacted and amended a number of times since 1978 to implement Article XIII A. Under current law, local agencies are no longer permitted to levy directly any property tax (except to pay voter-approved indebtedness). The one percent property tax is automatically levied by the county and distributed according to a formula among taxing agencies. The formula apportions the tax roughly in proportion to the relative shares of taxes levied prior to 1989. Increases of assessed valuation resulting from reappraisals of property due to new construction, change in ownership or from the 2% annual adjustment are allocated among the various jurisdictions in the “taxing area” based upon their respective “situs.” Any such allocation made to a local agency continues as part of its allocation in future years.

In accordance with Article XIII A, all taxable property is now shown at “full cash value” on the County’s property tax rolls.

Split Roll Initiative. An initiative measure (the “Split Roll Initiative”) to amend Article XIII A has qualified for the State’s November 2020 ballot. If adopted, the Split Roll Initiative would base property taxes for commercial and industrial properties on market values beginning in tax year 2020-21. Such market values would be reassessed by the applicable county assessor’s office at least once every three years. The Split Roll Initiative includes exceptions for businesses with a total market value of less than \$2 million (adjusted for inflation), which would continue to be subject to property taxes based on purchase price, and exempts from property tax assessments up to \$500,000 of the value of personal property, or all personal property for businesses with fewer than 50 employees. There can be no assurance that the Split Roll Initiative will be

adopted. Moreover, if the Split Roll Initiative is adopted, the City is unable to predict how it would affect the level of commercial building activity within the City and the relationship of the assessed value between land use types (i.e. residential versus commercial) in the City, or what other impacts the Split Roll Initiative might have on the local economy or the City's financial condition.

Appropriation Limitation - Article XIII B

On November 6, 1979, the voters of the State approved Proposition 4, known as the Gann Initiative, which added Article XIII B to the State Constitution. On June 5, 1990, the voters approved Proposition 111, which amended Article XIII B in certain respects.

Under Article XIII B, as amended, state and local government entities each have an annual "appropriations limit" which limits the ability to spend certain monies that are called "appropriations subject to limitation" (consisting of most tax revenues and certain state subventions, together called "proceeds of taxes," and certain other funds) in an amount higher than the "appropriations limit." Article XIII B does not affect the appropriation of monies that are excluded from the definition of "appropriations limit," including debt service on indebtedness existing or authorized as of January 1, 1979, or bonded indebtedness subsequently approved by two-thirds of the voters.

The "appropriations limit" is adjusted annually for changes in the cost of living and in population, for transfers in the financial responsibility for providing services, and in the case of certain declared emergencies.

If an entity receives any proceeds of taxes in excess of its appropriations limit, it may, by resolution of the entity's governing board, increase its appropriations limit to equal that amount (provided that the State has excess appropriations limit of its own in that fiscal year). The City's appropriations limit for fiscal year 2018-19 is \$344,087,147, and the City does not anticipate exceeding this limit.

Proposition 218 - Article XIII C and Article XIII D

General. On November 5, 1996, the voters of the State approved Proposition 218, known as the "Right to Vote on Taxes Act." Proposition 218 added Articles XIII C and XIII D to the State Constitution and contains a number of interrelated provisions affecting the ability of the City to levy and collect both existing and future taxes, assessments, fees and charges.

On November 2, 2010, State voters approved Proposition 26, entitled the "Supermajority Vote to Pass New Taxes and Fees Act". Section 1 of Proposition 26 declares that Proposition 26 is intended to limit the ability of the State Legislature and local government to circumvent existing restrictions on increasing taxes by defining the new or expanded taxes as "fees." Proposition 26 amended Articles XIII A and XIII C of the State Constitution. The amendments to Article XIII A limit the ability of the State Legislature to impose higher taxes (as defined in Proposition 26) without a two-thirds vote of the Legislature. The amendments to Article XIII C define "taxes" that are subject to voter approval as "any levy, charge, or exaction of any kind imposed by a local government," with certain exceptions.

Taxes. Article XIII C requires that all new local taxes be submitted to the electorate before they become effective. Taxes for general governmental purposes of the City ("general taxes") require a majority vote; taxes for specific purposes ("special taxes"), even if deposited in the City's General Fund, require a two-thirds vote. The voter approval requirements of Article XIII C reduce the flexibility of the City to raise revenues for the General Fund, and no assurance can be given

that the City will be able to impose, extend or increase such taxes in the future to meet increased expenditure needs.

Property-Related Fees and Charges. Article XIID also adds several provisions making it generally more difficult for local agencies to levy and maintain property-related fees, charges, and assessments for municipal services and programs. These provisions include, among other things, (i) a prohibition against assessments that exceed the reasonable cost of the proportional special benefit conferred on a parcel, (ii) a requirement that assessments must confer a “special benefit,” as defined in Article XIID, over and above any general benefits conferred, (iii) a majority protest procedure for assessments that involves the mailing of notice and a ballot to the record owner of each affected parcel, a public hearing and the tabulation of ballots weighted according to the proportional financial obligation of the affected party, and (iv) a prohibition against fees and charges that are used for general governmental services, including police, fire or library services, where the service is available to the public at large in substantially the same manner as it is to property owners.

Reduction or Repeal of Taxes, Fees and Charges. Article XIIC also removed limitations on the initiative power in matters of reducing or repealing local taxes, assessments, fees or charges. No assurance can be given that the voters of the City will not, in the future, approve an initiative or initiatives that reduce or repeal local taxes, assessments, fees or charges currently comprising a substantial part of the City’s General Fund, including Measure P (a quarter-percent general sales tax increase passed by the voters of the City in 2010) and Measure O (a quarter percent sales tax increase passed by voters in 2004). See “APPENDIX A – City of Livemore General Financial and Demographic Information – Major Revenues.” If such repeal or reduction occurs, the City’s ability to pay debt service with respect to the Certificates could be adversely affected.

Burden of Proof. Article XIIC provides that local government “bears the burden of proving by a preponderance of the evidence that a levy, charge, or other exaction is not a tax, that the amount is no more than necessary to cover the reasonable costs of the governmental activity, and that the manner in which those costs are allocated to a payor bear a fair or reasonable relationship to the payor’s burdens on, or benefits received from, the governmental activity.” Similarly, Article XIID provides that in “any legal action contesting the validity of a fee or charge, the burden shall be on the agency to demonstrate compliance” with Article XIID.

Impact on City’s General Fund. The approval requirements of Articles XIIC and XIID reduce the flexibility of the City to raise revenues for the General Fund, and no assurance can be given that the City will be able to impose, extend or increase the taxes, fees or charges in the future that it may need to meet increased expenditure needs. The City believes all of its existing local taxes, fees and assessments are compliant with Proposition 218 and Proposition 26.

Judicial Interpretation. Although some court cases have been decided, further interpretation and application of Articles XIIC and XIID will be determined by the courts, and it is not possible at this time to predict with certainty the outcome of such determination.

Unitary Property

AB 454 (Chapter 921, Statutes of 1986) provides that revenues derived from most utility property assessed by the State Board of Equalization (“**Unitary Property**”), commencing with the 1988-89 fiscal year, will be allocated as follows: (1) each jurisdiction will receive up to 102% of its

prior year State-assessed revenue; and (2) if county-wide revenues generated from Unitary Property are less than the previous year's revenues or greater than 102% of the previous year's revenues, each jurisdiction will share the burden of the shortfall or excess revenues by a specified formula. This provision applies to all Unitary Property except railroads, whose valuation will continue to be allocated to individual tax rate areas.

The provisions of AB 454 constitute neither an elimination of the assessment of any State-assessed properties nor a revision of the methods of assessing utilities by the State Board of Equalization. Generally, AB 454 allows valuation growth or decline of Unitary Property to be shared by all jurisdictions in a county.

Proposition 62

On November 4, 1986, California voters adopted Proposition 62, which requires that (i) any local tax for general governmental purposes (a "**general tax**") must be approved by a majority vote of the electorate; (ii) any local tax for specific purposes (a "**special tax**") must be approved by a two-thirds vote of the electorate; (iii) any general tax must be proposed for a vote by two-thirds of the legislative body; and (iv) proceeds of any tax imposed in violation of the vote requirements must be deducted from the local agency's property tax allocation.

Most of the provisions of Proposition 62 were affirmed by the 1995 California Supreme Court decision in *Santa Clara County Local Transportation Authority v. Guardino*, which invalidated a special sales tax for transportation purposes because less than two-thirds of the voters voting on the measure had approved the tax.

The City does not believe any of the taxes constituting City revenues are levied in violation of Proposition 62.

Proposition 22

Proposition 22, entitled "The Local Taxpayer, Public Safety and Transportation Protection Act," was approved by the voters of the State in November 2010. Proposition 22 eliminates or reduces the State's authority to (i) temporarily shift property taxes from cities, counties and special districts to schools, (ii) use vehicle license fee revenues to reimburse local governments for State-mandated costs (the State will have to use other revenues to reimburse local governments), (iii) redirect property tax increment from redevelopment agencies to any other local government, (iv) use State fuel tax revenues to pay debt service on State transportation bonds, or (v) borrow or change the distribution of State fuel tax revenues.

Proposition 22 has resulted in more stable revenues for the City, and the City expects this to continue to be the case.

Future Initiatives

Article XIII A, Article XIII B, Proposition 218, Proposition 62, Proposition 1A and Proposition 22 were each adopted as measures that qualified for the ballot pursuant to California's initiative process. From time to time, other initiative measures could be adopted, further affecting the City or its revenues or the ability of the City to expend revenues.

RISK FACTORS

This section provides a general overview of certain risk factors which should be considered, in addition to the other matters set forth in this Official Statement, in evaluating an investment in the Certificates. This section is not meant to be a comprehensive or definitive discussion of the risks associated with an investment in the Certificates, and the order in which this information is presented does not necessarily reflect the relative importance of various risks. Potential investors in the Certificates are advised to consider the following factors, among others, and to review this entire Official Statement to obtain information essential to the making of an informed investment decision. Any one or more of the risk factors discussed below, among others, could lead to a decrease in the market value and/or in the marketability of the Certificates. There can be no assurance that other risk factors not discussed herein will not become material in the future.

Security for the Certificates

General. The obligation of the City to make Lease Payments does not constitute an obligation of the City to levy or pledge any form of taxation or for which the City has levied or pledged any form of taxation. The obligation of the City to make Lease Payments does not constitute a debt or indebtedness of the City, the Corporation, the State or any of its political subdivisions, within the meaning of any constitutional or statutory debt limitation or restriction. The obligation of the City to make Lease Payments is in consideration of the right of the City to the continued use and possession of the Leased Property. In the event of failure of such use and possession, the obligations of the City may be abated in whole or in part as described herein.

Although the Lease Agreement does not create a pledge, lien or encumbrance upon the funds of the City, the City is obligated under the Lease Agreement to pay the Lease Payments from any source of legally available funds and the City has covenanted in its Lease Agreement that, for so long as the Leased Property is available for its use, it will make the necessary annual appropriations within its budget for its Lease Payments.

See "SECURITY FOR THE CERTIFICATES."

Available General Revenue. The City is liable and may become additionally liable on other obligations payable from general revenues, some of which may have a priority over the Lease Payments. To the extent that additional obligations are incurred by the City, the funds available to make Lease Payments may be decreased. Certain taxes, assessments, fees and charges presently imposed by the City could be subject to the voter approval requirements of Article XIII C and Article XIII D of the California Constitution. Based upon the outcome of an election by the voters, or future changes in Article XIII C and Article XIII D or their interpretation by the courts, such fees, charges, assessments and taxes might no longer be permitted to be imposed, or may be reduced or eliminated and new taxes, assessments fees and charges may not be approved. Property tax revenue can be adversely affected by reduction of assessed values by appeal or economic downturn and sales and other taxes also can be reduced by economic downturn or loss of significant taxpayers. To the extent that City tax revenue from any source is reduced or eliminated, the funds available to make Lease Payments may be decreased. See also "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS."

Abatement

Use and Possession of the Leased Property. Lease Payments are paid by the City for and in consideration of the right of beneficial use and occupancy of the Leased Property. If, for any reason, there is substantial interference with the use and possession of all or part of the Leased Property, the City's obligation to make Lease Payments from its funds will be subject to abatement. See "SECURITY FOR THE CERTIFICATES — Abatement" and APPENDIX B for additional information regarding abatement. Abatement of Lease Payments is not an event of default under the Trust Agreement, the Lease Agreement or the Certificates and will not permit the Trustee to take any action or avail itself of any remedy against the City. The City will not have an obligation to make Lease Payments with respect to the Leased Property other than from the proceeds of the Certificates or the proceeds of any rental interruption insurance, until such substantial interference with the use and possession of the Leased Property, or a portion thereof, has been remedied.

Damage or Destruction. If damage or destruction to the Leased Property results in abatement or adjustment of Lease Payments and the resulting Lease Payments, together with moneys in the Lease Payment Fund (and in the event of damage or destruction, together with rental interruption insurance proceeds, if any, are insufficient to make all payments of principal and interest due with respect to the Certificates during the period that the Leased Property is being replaced, repaired or reconstructed, then such payments of principal and interest may not be made in full and no remedy is available to the Trustee or the Owners under the Lease Agreement or Trust Agreement for nonpayment under such circumstances.

Absence of Earthquake and Flood Insurance. The obligation to make Lease Payments may be adversely affected if the Leased Property or any improvements thereon are damaged or destroyed by natural hazard such as earthquake or flood. The City, however, is not obligated under the Lease Agreement to procure and maintain, or cause to be maintained, earthquake or flood insurance on the Leased Property. The City, however, is obligated under the Lease Agreement to maintain other types of insurance. See APPENDIX B.

In the event of damage or destruction to the Leased Property caused by perils for which the City is not required to provide insurance under the Lease Agreement, the City will not be obligated to repair, replace or reconstruct the Leased Property, though the City may choose to do so.

The State, by statute, requires each city and county to adopt a comprehensive, long-term general plan for the physical development of the city or county. The general plan is required to contain, among other things, a safety element for the protection of the community from any unreasonable risks associated with the effects of various natural hazards. The safety element must include mapping of known seismic and other geologic hazards. However, knowing of the existence and location of a seismic fault does not mean that there are not others not known nor prevent earthquakes destructive to property from occurring. While the buildings on the Leased Property are generally built or have been retrofitted to exceed State building codes at the time with respect to seismic risk, it still remains that a destructive earthquake could occur in the City and to the Leased Property in particular. So far this has not happened, and the City has not suffered serious earthquake damage to the Leased Property or any of its other property.

No Debt Service Reserve Fund

The Corporation will not fund a debt service reserve fund for the Certificates. If revenues are insufficient for the Corporation to pay debt service on the Certificates when due, no debt service reserve will be available under the Indenture for the Corporation to make such payments.

Remedies Against the City

Failure by the City to pay Lease Payments or other payments required to be made under the Lease Agreement or failure to observe and perform its other covenants and agreements under the Lease Agreement for a period of 30 days (or greater period, pursuant to the Lease Agreement) after written notice of such failure and request that it be remedied has been given to the City by the Corporation, or the Trustee, as the assignee of the Corporation, constitute events of default under the Lease Agreement and permit the Trustee to pursue remedies at law or in equity to enforce such covenants and agreements.

The enforcement of any remedies provided in the Lease Agreement and Trust Agreement could prove both expensive and time consuming. Although the Lease Agreement and the Trust Agreement provide that the Trustee may take possession of the Leased Property and lease it if there is a default by the City, and the Lease Agreement provides that the Trustee may have such rights of access to the Leased Property as may be necessary to exercise any remedies, portions of the Leased Property may not be easily recoverable and even if recovered, could be of little value to others. Furthermore, it is not certain whether a court would permit the exercise of the remedies of repossession and leasing of the Leased Property.

No Acceleration Upon Default

If the City defaults on its obligations to make Lease Payments, the Trustee may have limited ability to re-let the Leased Property so as to preserve the tax exempt nature of the interest component of the Lease Payments and the Certificates. In the event of a default, there is no available remedy of acceleration of the total Lease Payments due over the term of the Lease Agreement. The City will only be liable for Lease Payments on an annual basis, and the Trustee would be required to seek a separate judgment in each fiscal year for that fiscal year's Lease Payments.

Infectious Disease Outbreak and COVID-19 Global Pandemic

In recent years, public health authorities have warned of threats posed by outbreaks of disease and other public health threats. On February 11, 2020, the World Health Organization announced the official name for the outbreak of COVID-19, an upper respiratory tract illness first identified in Wuhan, China ("COVID-19"). COVID-19 has since spread across the globe. The spread of COVID-19 is having significant adverse health and financial impacts throughout the world. The WHO has declared the COVID-19 outbreak to be a pandemic, and states of emergency have been declared by the Governor of the State and the President of the United States.

The City's operations and financial results could be harmed by a national or localized outbreak of a highly contagious or epidemic disease, such as the current COVID-19 pandemic. The Town cannot predict any costs associated with the potential treatment of an infectious disease outbreak or preparation for such treatment.

The outbreak of COVID-19 was declared a pandemic by the World Health Organization, a national emergency by the President of the United States (the “**President**”) and a state of emergency by the Governor of the State (the “**Governor**”). There has been tremendous volatility in the markets in the United States and globally, resulting in significant declines and speculation of a national and global recession.

On March 19, 2020, the Governor issued a shelter-in-place order, Executive Order N-33-20, ordering all California residents to stay home except to get food, care for a relative, get necessary healthcare or go to an essential job. The stay at home order went into effect immediately and will stay in effect until further notice. The County also issued a stay-at-home directive, which is still in effect, though regulations have been eased for activities such as curbside pickup from retail stores and vehicle-based gatherings.

As the COVID-19 pandemic event unfolds, the potential long-term fiscal impacts to the City cannot yet be accurately projected. The City currently expects the COVID-19 pandemic event to have the most dramatic impact on sales tax revenue and transient occupancy tax revenue. Sales tax projections were reduced by 11% or \$4.1 million for the current fiscal year and 18% or \$6.8 million for next fiscal year. This projection is reflective of the City’s portfolio of sales tax producers, specifically the concentration of retailers of general consumer goods. Transient occupancy tax projections were reduced by roughly 35% or \$1.3 million for the current fiscal year and 35% or \$1.6 million for next fiscal year. Other revenues have also been projected downward to reflect anticipated reductions in demand for services. These revenue projections are based on shelter-in-place orders extending through the end of May and take into account the “phased opening” approach currently outlined by the state and federal governments. For additional information regarding some of the projected impacts of COVID-19 on the City and its finances, see “APPENDIX A - CITY OF LIVERMORE GENERAL FINANCIAL AND DEMOGRAPHIC INFORMATION.”

The City has also incurred unplanned costs, such as the \$100,000 contribution to the COVID-19 drive-through testing center at the Alameda County Fairgrounds, additional costs for cleaning services and supplies, and providing temporary shelter and services for the most vulnerable members of the community. In addition to the direct costs mentioned above, the City incurred additional costs associated with providing essential services via alternative delivery models necessary to comply with the shelter-in-place orders. These cost related impacts appear to be less material in nature and duration than the impacts to revenues.

The City is unable to predict the ultimate impact of the COVID-19 pandemic on the City’s finances, and there can be no assurance that the COVID-19 pandemic will not have a material effect on the City’s ability to make the Lease Payments.

State Law Limitations on Appropriations

Article XIII B of the California Constitution limits the amount that local governments can appropriate annually. The City’s ability to make Lease Payments may be affected if the City should reach its appropriations limit. The City does not anticipate reaching said limit in the foreseeable future. See “CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS.” The COVID-19 pandemic is expected to have a material impact on State revenues and appropriations.

City Bankruptcy

In addition to the limitation on remedies contained in the Trust Agreement, the rights and remedies provided in the Trust Agreement and the Lease Agreement may be limited by and are subject to the provisions of federal bankruptcy laws, as now or hereafter enacted, and to other laws or equitable principles that may affect the enforcement of creditors' rights.

Under Chapter 9 of the United States Bankruptcy Code, which governs the bankruptcy proceedings for public agencies, there are no involuntary petitions in bankruptcy. If the City were to file a petition under Chapter 9 of the Bankruptcy Code, the Owners, the Trustee and the Corporation could be prohibited from taking any steps to enforce their rights under the Lease Agreement, and from taking any steps to collect amounts due from the City under the Lease Agreement.

If a Bankruptcy Court were to determine that the Lease Agreement is a lease for the purposes of the Bankruptcy Code, the City would have the right to reject (*i.e.*, terminate) the Lease Agreement. If the City elects to reject the Lease Agreement, the Leased Property could be re-let for the benefit of the Owners, but there can be no assurance that the Leased Property can be re-let for an amount sufficient to pay the Certificates or that such re-letting will not adversely affect the exclusion of any interest component of rental payments from federal or state income taxation. In addition the Bankruptcy Code severely limits any claim for damages suffered as a result of rejection of a lease.

Earthquakes and Other Natural Disasters

Earthquakes or other natural disasters, including fires, landslides or floods, could interrupt operation of the City and thereby interrupt the ability of the City to pay the Lease Payments. The City is located in a very active seismic area with major faults in and around the City.

Seismic Risk. Earthquakes can give rise to various seismic hazards including ground shaking, liquefaction, ground rupture and the generation of large waves in bodies of water. These seismic hazards can cause damage to structures and risk the health and safety of citizens, particularly in unreinforced masonry buildings. Major earthquakes have occurred in the vicinity of the City in the past, and can be expected to occur again in the near future.

According to the Public Safety Element of the City's General Plan, which was last amended in 2013:

- The City is located in the San Andreas Fault Zone, one of the most seismically active regions in the United States. The San Andreas Fault Zone has generated numerous moderate to strong historic earthquakes in northern California and in the San Francisco Bay Area.
- The Greenville Fault, an active fault that is the easternmost strand of the San Andreas fault system in the San Francisco Bay region, is located approximately four miles to the east of the City's downtown, and crosses the eastern part of the City. Each of the three segments of the Greenville fault is considered capable of generating earthquakes in the range of Richter magnitude 6.6 to 6.9. If all segments were to rupture in a single seismic event, a 7.2 magnitude earthquake would be expected. The United States Geologic Survey ("**USGS**") estimates a six

percent probability of a 6.7 magnitude or greater earthquake on the Greenville fault during the period 2000 to 2030.

- The Las Positas Fault, which is considered to be active, trends northeast to southwest approximately 2.5 miles to the southeast of the City's downtown, and is located almost completely within the City. The Las Positas fault could potentially generate an earthquake of Richter magnitude 6.3. The probability of an earthquake on the fault has not been determined. In addition, several other major active faults are located in the vicinity of Livermore, including the Calaveras and Hayward faults. Because of the high level of seismic activity in and around Livermore, the area has been classified as seismic risk Zone 4 (the highest risk category) by the California Building Code.
- In addition to these faults, the Livermore fault is also located within the urbanized portion of the City. The Livermore fault is considered to be potentially active. It is approximately five miles in length and is considered capable of generating an earthquake with a moment magnitude of 6.2.
- In addition to the known active faults in the Planning Area, recent research regarding the structural geology and tectonics of the Mount Diablo-Livermore region indicate that there is another potential source of large magnitude earthquakes in the region. A structural trend of folds and thrust faults has been mapped in the hills north of the Livermore Valley. The largest of these features is the Mount Diablo anticline. Recent research has interpreted this feature to be a large fold developed above a buried, or "blind," thrust fault. The accumulation of strain on the blind Mount Diablo Thrust presents the potential for an earthquake along this structure. The USGS considers the fault capable of generating a magnitude 6.7 earthquake with a 4 percent probability of occurring during the period 2000 to 2030. An earthquake on the fault would not be expected to cause fault rupture at the surface. However, strong groundshaking would be expected within the Livermore area during such an earthquake

Flooding. According to the Public Safety Element of the City's General Plan, which was last amended in 2013:

- Most flooding within the City is caused by heavy rainfall and subsequent run-off volumes that cannot be adequately conveyed by the existing storm drainage system combined with surface water bodies.
- Portions of the City are located within the dam failure inundation hazard areas for Lake Del Valle and Patterson Reservoir. Patterson Dam is located east of Greenville Road and north of Patterson Pass Road, and impounds the 100-acre foot Patterson Reservoir. The Del Valle Dam is located at the northern end of Lake Del Valle, and impounds an average of 44,000 acre-feet in the reservoir. The depth of inundation would vary from near zero at topographic highs or uplands to many feet in low-lying areas and in creek channels. Both of these dams are under the jurisdiction of the California Department of Water Resources (DWR), Division of Safety of Dams. Existing dams under DWR jurisdiction are periodically inspected to ensure adequate maintenance and to direct the owner to correct any

deficiencies found. Regular inspections and required maintenance of the dams substantially reduce the potential for catastrophic failure.

- The City is not susceptible to inundation by coastal hazards, such as tsunamis, extreme high tides, or sea level rise, due to the elevation of the area and the distance from the margin of the San Francisco Bay and Pacific Ocean.
- According to the Federal Emergency Management Agency's Flood Insurance Rate Maps, or FIRMS, the majority of the City is designated as subject to minimal flooding. However, some portions of the City are located in 100-year flood zones.
- In 2002, the Alameda County Flood Control and Water Conservation District, Zone 7 embarked on a watershed-wide Stream Management Master Plan. Zone 7 owns and maintains approximately 40 miles of flood control channels, including creeks and concrete-lined channels, in the watershed area. Most of these channels are in the Pleasanton area. However, Zone 7 owns portions of flood control channels in the City. Zone 7 maintains an ongoing program of channel acquisition funded by developer fees. Under this program, the agency enters into an agreement with a developer or another agency to take ownership, including maintenance responsibilities, of facilities that are constructed to Zone 7 standards. The developer or agency is reimbursed a predetermined amount for channel improvements and right-of-way. When the flood control system is completed, Zone 7 will own and maintain approximately 120 miles of creeks and channels, including the primary drainage features, in the City.

Wildfires. In recent years, wildfires have caused extensive damage throughout the State. Certain of these fires have burned thousands of acres and destroyed hundreds and in some cases thousands of homes. In some instances, entire neighborhoods have been destroyed. Several fires which occurred in 2017 damaged or destroyed property in areas that were not previously considered to be at risk from such events. In November 2018, the Camp Fire in Butte County, California was the deadliest and most destructive wildfire in the recorded history of the State, burning more than 150,000 acres and destroying more than 11,500 structures, including most of the structures in the City of Paradise, California. Some commentators believe that climate change will lead to even more frequent and damaging wildfires in the future.

To quantify this potential hazard, the California Department of Forestry and Fire Protection ("**CAL FIRE**") has developed a fire modeling and mapping process that utilizes three main criteria in order to evaluate and recommend potential fire hazards in wildland areas. The criteria are type of vegetation, fire weather, and topography. The maps developed by CAL FIRE identify areas as Fire Hazard Severity Zones and include three severity classifications: moderate, high, and very high. Wildland fire is a hazard that exists throughout the City. The entire City has been identified as a "Community At Risk" by CAL FIRE.

In the event taxable property within the City were destroyed by wildfires, the assessed valuation of such property would be reduced. Such reduction of assessed valuations could result in a reduction of tax revenues to the City.

PG&E Public Safety Power Shutoffs. Pacific Gas and Electric Company ("**PG&E**") has adopted a Community Wildfire Safety Program in an effort to prevent wildfires in the State. As part of its Community Wildfire Safety Program, PG&E has notified customers, including the City, that PG&E has implemented additional precautionary measures to help reduce the risk of

wildfires. In particular, PG&E has notified the City that, if extreme fire danger conditions threaten a portion of the electric system serving a community, PG&E may turn off electricity in the interest of public safety (referred to as a “**Public Safety Power Shutoff**”). According to PG&E, a Public Safety Power Shutoff could impact customers in an area that is not experiencing high winds or other extreme weather conditions because PG&E’s system relies on power lines working together to provide electricity across cities, counties and regions, including the City and the County.

Climate Change

The adoption by the State of the California Global Warming Solutions Act of 2006 (AB 32) and subsequent companion bills demonstrate the commitment by the State to take action and reduce greenhouse gases (“**GHG**”) to 1990 levels by 2020 and 80% below 1990 levels by 2050. The State Attorney General’s Office, in accordance with SB 375, now requires that local governments examine local policies and large-scale planning efforts to determine how to reduce greenhouse gas emissions. Additionally, the State adopted Senate Bill No. 32, which established a revised statewide GHG emission reduction target of 40% below 1990 levels by 2030.

Consistent with the State’s objective outlined above, in November 2012, the City adopted a Climate Action Plan. The primary purpose of the plan is to design a feasible strategy to reduce community-generated GHG emissions. The Climate Action Plan is currently being updated by the City.

Climate change will have new, direct impacts and will also exacerbate existing local natural hazards. Increased temperatures, when coupled with prolonged drought events, can increase the intensity of wildfires that may occur, and pose significant health and safety risks for vulnerable communities. Shorter, more intense wet seasons could make flooding more frequent, and may increase the landslide risk. California may experience greater water and food insecurity, and drought may become a more persistent issue as the effects of climate change deepen.

Cybersecurity

The City and its departments face multiple cyber threats including, but not limited to, hacking, viruses, malware and other attacks on computers and other sensitive digital networks and systems. No assurances can be given that the security and operational control measures of the City will be successful in guarding against any and each cyber threat and attack. The results of any attack on the computer and information technology systems could have a material adverse impact on the operations of the City and damage the digital networks and systems. The resulting costs and/or impacts on operations and General Fund revenues could be material.

In September of 2019, the City was the target of a ransomware attack. The City did not pay a ransom to the threat actors in accordance with advice from law enforcement agencies. Ultimately, the threat did not result in any reportable data theft and City networks were repaired and restored systematically after a six-week period.

No Liability by the Corporation to the Owners

The Corporation shall not have any obligation or liability to the Owners with respect to the payment when due of the Lease Payments by the City, or with respect to the performance by the City of other agreements and covenants required to be performed by it contained in the Lease Agreement or the Trust Agreement, or with respect to the performance by the Trustee of any right or obligation required to be performed by it contained in the Trust Agreement.

Impact of State Budget on City Revenues

At various times, including currently, the State has experienced significant financial and budgetary stress. State budgets are affected by national and local economic conditions and other factors over which the City has no control. The State's financial condition and budget policies affect communities and local public agencies throughout the State. To the extent that the State budget process results in reduced revenues to the City, the City will be required to make adjustments to its budget.

For example, declining revenues and fiscal difficulties that arose in the State commencing in fiscal year 2008-09 led the State to undertake a number of budgeting strategies, which had subsequent impacts on local agencies within the State. These techniques included the issuance of IOUs in lieu of warrants (checks), the enactment of statutes deferring amounts owed to public schools, until a later date in the fiscal year, or even into the following fiscal year (known as statutory deferrals), trigger reductions, which were budget cutting measures that were implemented or could have been implemented if certain State budgeting goals were not met, among others, and the dissolution of local redevelopment agencies in part to make available additional funding for schools.

The City cannot predict what actions will be taken in the current or future years by the State Legislature and the Governor to address a State budget deficit, including the current multi-billion dollar deficit caused by the COVID-19 crisis. Future State budgets will be affected by national and state economic conditions and other factors over which the City has no control. To the extent that the State budget process results in reduced revenues to the City, the City will be required to make adjustments to its budget. Decrease in such revenues may have an adverse impact on the City's ability to pay the Certificates.

Change in Law

No assurance can be given that the State, the County or the City electorate will not at some future time adopt initiatives or that the State Legislature or the City Council will not enact legislation that could result in a reduction of the City's General Fund revenues and therefore a reduction of the funds legally available to the City to make Lease Payments. See, for example, "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS – Proposition 218 Article XIIC and Article XIID."

Tax Exemption of the Certificates

The City has covenanted in the Lease Agreement that it will not use or permit the use of any proceeds of the Certificates or any funds of the Corporation or the City, directly or indirectly, in any manner, and will not take or omit to take any action that would cause the interest component of the Lease Payments to be included in the gross income of the Owners for federal income tax purposes. In the event the City fails to comply with the foregoing tax covenant, the interest component of the Certificates may be includable in the gross income of the Owners thereof for federal tax purposes. See "TAX MATTERS."

Secondary Market

No assurance can be given that the marketability of the Certificates will not be affected by the introduction or enactment of any future legislation (including without limitation amendments to

the Internal Revenue Code), or changes in interpretation of the Internal Revenue Code, or any action of the Internal Revenue Service (the 'IRS'), including but not limited to the publication of proposed or final regulations, the issuance of rulings, the selection of the Certificates for audit examination, or the course or result of any IRS audit or examination of the Certificates or obligations that present similar tax issues as the Certificates.

No assurance can be given that the rating initially assigned to the Certificates by a rating agency will not be downgraded, or that the rating criteria or views of a rating agency will not change, some time in the future, with a resulting decline in the secondary market price of the Certificates. See "RATING."

TAX MATTERS

Federal Tax Status. In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Special Counsel, subject, however to the qualifications set forth below, under existing law, the portion of Lease Payments designated as and comprising interest and received by the owners of the Certificates is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax.

The opinions set forth in the preceding paragraph are subject to the condition that the City comply with all requirements of the Internal Revenue Code of 1986, as amended (the "**Tax Code**") that must be satisfied subsequent to the delivery of the Certificates in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes. The City has made certain representations and covenants in order to comply with each such requirement. Inaccuracy of those representations, or failure to comply with certain of those covenants, may cause the inclusion of such interest in gross income for federal income tax purposes, which may be retroactive to the date of delivery of the Certificates.

In addition, Special Counsel has relied on the opinion of Carr McClellan P.C., counsel to LVPAC ("**LVPAC Counsel**") regarding the current qualification of the LVPAC as an organization described in Section 501(c)(3) of the Tax Code and other matters. Such opinion is subject to a number of qualifications and limitations. Special Counsel has also relied upon representations of the LVPAC concerning the LVPAC's "unrelated trade or business" activities as defined in Section 513(a) of the Tax Code. Special Counsel has not given any opinion or assurance concerning Section 513(a) of the Tax Code and neither Special Counsel nor LVPAC Counsel can give or has given any opinion or assurance about the future activities of the LVPAC, or about the effect of future changes in the Tax Code, the applicable regulations, the interpretation thereof or the resulting changes in enforcement thereof by the IRS. Failure of the LVPAC to be organized and operated in accordance with the IRS's requirements for the maintenance of its status as an organization described in Section 501(c)(3) of the Tax Code or to operate the facilities financed or refinanced by the Certificates in a manner that is substantially related to the LVPAC's charitable purpose under Section 513(a) of the Tax Code may result in interest on the Certificates being included in federal gross income, possibly from the date of original issuance the Certificates.

Tax Treatment of Original Issue Discount and Premium. If the initial offering price to the public at which a Certificate is sold is less than the amount payable at maturity thereof, then such difference constitutes "original issue discount" for purposes of federal income taxes and State of California personal income taxes. If the initial offering price to the public at which a Certificate is sold is greater than the amount payable at maturity thereof, then such difference constitutes "bond premium" for purposes of federal income taxes and State of California personal income taxes.

Under the Tax Code, original issue discount is treated as interest excluded from federal gross income and exempt from State of California personal income taxes to the extent properly allocable to each owner thereof subject to the limitations described in the first paragraph of this section. The original issue discount accrues over the term to maturity of the Certificate on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). The amount of original issue discount accruing during each period is added to the adjusted basis of such Certificates to determine taxable gain upon disposition (including sale, prepayment, or payment on maturity) of such Certificates. The Tax Code contains certain provisions relating to the accrual of original issue

discount in the case of purchasers of the Certificates who purchase the Certificates after the initial offering of a substantial amount of such maturity. Owners of such Certificates should consult their own tax advisors with respect to the tax consequences of ownership of Certificates with original issue discount, including the treatment of purchasers who do not purchase in the original offering to the public at the first price at which a substantial amount of such Certificates is sold to the public.

Under the Tax Code, bond premium is amortized on an annual basis over the term of the Certificate (said term being the shorter of the Certificate's maturity date or its call date). The amount of bond premium amortized each year reduces the adjusted basis of the owner of the Certificate for purposes of determining taxable gain or loss upon disposition. The amount of bond premium on a Certificate is amortized each year over the term to maturity of the Certificate on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). Amortized bond premium is not deductible for federal income tax purposes. Owners of premium Certificates, including purchasers who do not purchase in the original offering, should consult their own tax advisors with respect to State of California personal income tax and federal income tax consequences of owning such Certificates.

California Tax Status. In the further opinion of Special Counsel, interest on the Certificates is exempt from California personal income taxes.

Other Tax Considerations. Current and future legislative proposals, if enacted into law, clarification of the Tax Code or court decisions may cause interest with respect to the Certificates to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent beneficial owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals, clarification of the Tax Code or court decisions may also affect the market price for, or marketability of, the Certificates. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, such legislation would apply to Certificates issued prior to enactment.

The opinions expressed by Special Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of such opinion, and Special Counsel has expressed no opinion with respect to any proposed legislation or as to the tax treatment of interest on the Certificates, or as to the consequences of owning or receiving interest on the Certificates, as of any future date. Prospective purchasers of the Certificates should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Special Counsel expresses no opinion.

Owners of the Certificates should also be aware that the ownership or disposition of, or the accrual or receipt of interest on, the Certificates may have federal or state tax consequences other than as described above. Other than as expressly described above, Special Counsel expresses no opinion regarding other federal or state tax consequences arising with respect to the Certificates, the ownership, sale or disposition of the Certificates, or the amount, accrual or receipt of interest on the Certificates.

CERTAIN LEGAL MATTERS

The legal opinions of Special Counsel, approving the validity of the Certificates and addressing certain tax matters, in substantially the forms attached hereto as APPENDIX D, will be made available to purchasers at the time of original delivery of the Certificates. Special Counsel will, as Disclosure Counsel, also deliver a disclosure letter to the City and the Underwriter regarding the contents of this Official Statement. Certain matters will be passed upon for the City by the City Attorney.

CONTINUING DISCLOSURE

The City has covenanted for the benefit of owners of the Certificates to provide certain financial information and operating data relating to the City and its general fund by not later than nine months after the end of the City's fiscal year, or April 1 of each year based on the City's current fiscal year-end of June 30, commencing April 1, 2021, with the report for fiscal year 2019-20 (the "**Annual Report**") and to provide notices of the occurrence of certain listed events ("**Event Notices**"). All Annual Reports and Event Notices are required to be filed electronically with the Municipal Securities Rulemaking Board (the "**MSRB**").

These covenants have been made in order to assist the Underwriter in complying with Rule 15c2-12(b)(5) promulgated under the Securities Exchange Act of 1934, as amended (the "**Rule**"). The specific nature of the information to be contained in the Annual Report and the Event Notices is set forth in APPENDIX E.

The City and its related entities, most notably the Successor Agency to the Livermore Redevelopment Agency, have not complied in the past five years with all of their obligations established by previous continuing disclosure undertakings. Specifically, (i) the Agency's audit and operating data were not timely filed for fiscal year 2015-16, (ii) certain of the City's operating data was not timely filed for fiscal 2016-17, as required by certain undertakings, and (iii) a notice of rating change was not timely filed for the Livermore-Amador Valley Water Management Agency, a joint powers agency to which the City belongs.

UNDERWRITING

The Certificates are being purchased by Stifel, Nicolaus & Company, Incorporated (the "**Underwriter**"). The Underwriter has agreed to purchase the Certificates at a price of \$_____ which is equal to the initial principal amount of the Certificates of \$_____, plus original issue premium of \$_____ less an Underwriter's discount of \$_____.

The purchase agreement relating to the Certificates provides that the Underwriter will purchase all of the Certificates if any are purchased, and provides that the Underwriter's obligation to purchase is subject to certain terms and conditions, including the approval of certain legal matters by counsel.

The Underwriter may offer and sell the Certificates to certain dealers (including dealers depositing the Certificates into investment trusts) and others at prices lower than the public offering prices stated on the inside front cover page hereof. The initial public offering prices may be changed from time to time by the Underwriter.

LITIGATION

The City is not aware of any pending or threatened litigation concerning the validity of the Certificates or challenging any action taken by the City with respect to the Certificates. Furthermore, the City is not aware of any pending or threatened litigation to restrain, enjoin, question or otherwise affect the Trust Agreement or in any way contesting or affecting the validity or enforceability of any of the foregoing or any proceedings of the City taken with respect to any of the foregoing.

There are a number of lawsuits and claims pending and threatened against the City unrelated to the Certificates or actions taken with respect to the Certificates. It is the opinion of the City as of this date that such litigation, claims and threatened litigation will not materially affect the City's finances or impair its ability to make debt service payments on the Certificates.

VERIFICATION OF MATHEMATICAL ACCURACY

The Verification Agent will deliver a report on the mathematical accuracy of certain computations, contained in schedules provided to the Verification Agent on behalf of the Corporation, relating to the sufficiency of the maturing principal of and interest earned on the Federal Securities purchased with the amounts deposited into the Escrow Fund, together with cash to be held therein, to pay on the Prepayment Date the prepayment price and accrued interest on the 2011 Certificates to such date.

See "PLAN OF FINANCING."

PROFESSIONAL FEES

In connection with the execution and delivery of the Certificates, fees payable to the following professionals involved in the offering are contingent upon the issuance and delivery of the Certificates:

- KNN Public Finance, LLC, as Municipal Advisor;
- Jones Hall, A Professional Law Corporation, as Special Counsel and Disclosure Counsel;
- U.S. Bank National Association as Trustee; and
- MUFG Union Bank, N.A., as Escrow Bank.

RATING

S&P Global Ratings, a Standard & Poor's Financial Services LLC business ("S&P") has assigned its rating of "AA" to the Certificates. This rating reflects only the views of S&P, and an explanation of the significance of this rating, and any outlook assigned to or associated with this rating, should be obtained from S&P.

Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. The City has provided certain additional information and materials to the rating agency (some of which does not appear in this Official Statement).

Future events, including the impacts of the COVID-19 pandemic that is described under the caption "RISK FACTORS — Infectious Disease Outbreak and COVID-19 Global Pandemic," could have an adverse impact on the rating of the Certificates, and there is no assurance that the criteria required by S&P to achieve the rating on the Certificates will not change during the period that the Certificates remain outstanding.

There is no assurance that this rating will continue for any given period of time or that this rating will not be revised downward or withdrawn entirely by the rating agency, if in the judgment of the rating agency, circumstances so warrant. Any such downward revision or withdrawal of any rating on the Certificates may have an adverse effect on the market price or marketability of the Certificates.

EXECUTION

The execution and delivery of this Official Statement have been duly authorized by the City.

CITY OF LIVEMORE

By: _____
City Manager

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APPENDIX A

CITY OF LIVERMORE GENERAL FINANCIAL AND DEMOGRAPHIC INFORMATION

General

General Information. The City is a general law city with a council manager form of government, which was incorporated on April 1, 1876. It comprises approximately 24.72 square miles and is located in southeastern Alameda County, approximately 43 miles southeast of San Francisco and 30 miles southeast of Oakland.

The estimated January 1, 2019 population of the City is 91,039. The City is part of the rapidly developing Tri-Valley area which contains the cities of Pleasanton, Livermore, Dublin and San Ramon and has a total estimated January 1, 2019 population of 320,065.

The primary industry in the City is research and development. There are approximately 4,500 acres zoned for research and development and light/heavy industry, including 49 industrial parks with over 19 million square feet of industrial space. The City is also home to two national laboratories: Lawrence Livermore National Laboratory and Sandia National Laboratories, and the Livermore Municipal Airport.

The City was originally a rural community and still has many agricultural activities occurring in its sphere of influence, including ranching uses and a significant wine industry. The Livermore Valley Wine Country in and around the City covers over 5,000 acres, and is one of California's oldest wine regions and home to over three dozen wineries, many with more than 50 tasting rooms and visitor centers. The region is also a developing golf destination with the PGA and LPGA choosing the Tri-Valley as one of their Nationwide Tournament hosts.

The County

The County is located on the east side of the San Francisco Bay, extending to the City of Albany on the north, the City of Fremont on the south, and to the City of Livermore on the east, and is approximately ten miles west of San Francisco. Automobile access to San Francisco is provided by the San Francisco-Oakland Bay Bridge.

The northern part of the County has direct access to San Francisco Bay and the City of San Francisco. It is highly diversified with residential areas, active commercial areas, traditional heavy industry, the University of California at Berkeley, the Port of Oakland, and sophisticated manufacturing, computer services and biotechnology firms. The middle of the County is also highly developed including older established residential and industrial areas. The southeastern corner of the County, including the cities of Pleasanton and Livermore, has seen strong growth in residential development and manufacturing. Many high-tech firms have moved from neighboring Silicon Valley in Santa Clara County to the County.

City Services and Government

The City provides a full range of services, including public safety (police and fire), highways and streets, sewer, water, public improvements, planning and zoning, general administration services and housing services.

The Livermore Capital Projects Financing Authority (the "Authority") provides financing assistance to the City and has been included in the City's financial plan document as the

Livermore Capital Projects Financing Authority Debt Service Funds and as part of the Airport Enterprise Fund and the Water Enterprise Fund. The Authority is controlled by the City and has the same governing body as the City, which also performs all accounting and administrative functions for the Authority.

The City is organized as a council-manager form of local municipal government. The City Council consists of five members elected at-large for four-year, overlapping terms. The City Council selects the Mayor from among its members for a one-year term. On November 26, 2018 the City adopted an ordinance to transition from an at-large to district-based election system to comply with the California Voting Rights Act (California Government Code Section 34886 and 34871(c)). The City Council selected a district map dividing the City into four single member districts. City Council members will be elected in City Council districts 3 and 4 beginning at the general municipal election in November 2020, and every four years thereafter. Council members will be elected in City Council districts 1 and 2 beginning at the general municipal election in November 2022, and every four years thereafter. The Mayor will continue to be elected on an at-large basis.

The Mayor and City Council provide community leadership, develop policies to guide the City in delivering services and achieving community goals, and encourage citizen understanding and involvement.

The City Manager is appointed by the City Council and responsible for administration of municipal affairs. All municipal departments operate under the supervision of the City Manager. Through the City Manager, City staff, using the resources appropriated by the Council in the budget to achieve desired service results in the community, carries out the policies of the Council.

Possible Impacts of COVID-19

As described in this Official Statement, the short-term and long-term impact of COVID-19 on the City's finances cannot be predicted. The Certificates described in this Official Statement are secured by the City's general fund. See "RISK FACTORS – Infections Disease Outbreak and COVID-19 Global Pandemic."

Budget Process

The fiscal year of the City begins on the first day of July and ends on the 30th day of June of the following calendar year. Development of an annual or biennial budget typically begins six months prior to the fiscal year or initial fiscal year of the two-year budget under consideration. Budgeting is a continuing process involving the presentation of budget estimates by all departments, review of requests by the City Manager and referral of a preliminary budget to the City Council for consideration. After the City Council review and public hearings on the proposed budget, adoption of the budget for the forthcoming year or two year period is normally enacted by resolution prior to July 1. For a biennial budget, the City Council reviews the budget at the end of the initial fiscal year to determine if changes or adjustments need to be made for either fiscal year.

Operating Budget Policy. The operating budget takes the form of a two-year financial plan, which is adopted in its entirety by the City Council. The operating budget is subject to supplemental appropriations throughout its term in order to provide flexibility to meet changing needs and conditions. A mid-period review is conducted in the off year and appropriations are adjusted accordingly. The operating budget is presented on a program basis, with an emphasis on matching costs of services with appropriated revenues available to provide those services

while maintaining stable reserves; however, the legal level of budgetary control is at the fund level.

Operating Reserve Policy. On May 16, 2016 the City updated its GASB 54 compliant fund balance policy setting minimum fund balance requirements for City funds. Within the City's general fund, the policy goals are a "committed" Operating Reserve Stabilization Fund Balance of 15% of budgeted operating expenditures plus debt service transfers, an "assigned" Economic Uncertainty Reserve Fund Balance of 13.5% of budgeted operating expenditures plus debt service transfers and an unassigned fund balance of 1.5% of budgeted operating expenditures plus debt service transfers, for total general fund reserves of 30%. As of June 30, 2019, all of these reserves were fully funded with the unassigned fund balance exceeding the City Council goal by 18.3%.

Capital Improvement Budget Policy. A five-year capital improvement plan is prepared and updated every two years on the same cycle as the operating budget and is adopted to be consistent with the General Plan. The capital improvement budget is subject to supplemental appropriations throughout its term in order to provide flexibility to meet changing needs and conditions.

From the effective date of the budget, the amounts stated as recommended expenditures become appropriated to the various departments and programs. The City Manager may transfer appropriations between departments or programs within any fund. Any revisions or transfers that alter the total appropriations of any fund must be approved by the City Council. In addition, supplemental appropriations and budget transfers related to capital improvement projects between funds and projects need approval from the City Council. All appropriations and encumbrances lapse at the end of the fiscal year to the extent that they have not been expended or lawfully encumbered. Valid outstanding encumbrances (those for which performance under executory contract is expected in the next fiscal year) are re-appropriated and become part of the subsequent year's budget. At a public meeting after the adopting of the budget, the Council may amend or supplement the budget by motion adopted by the affirmative vote of at least three members of the five-member City Council.

Appropriations Limit

The following table shows the City of Livermore's appropriation limit and appropriations subject to limitation for the fiscal years 2016-17 through 2020-21. The appropriation limits for fiscal year 2020-21 is expected to be adopted by the City Council on June 8, 2020. See also "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS – Appropriations Limitation — Article XIII B."

**CITY OF LIVERMORE
Appropriations Limit and
Appropriations Subject to Limitation**

	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	2019-20	2020-21
Appropriations Limit	\$295,468,759	\$311,365,413	\$344,087,147	\$368,161,204	\$385,462,616
Appropriations Subject to Limitation	76,706,573	68,632,305	67,435,856	74,420,994	78,774,574

Source: City of Livermore

General Fund Budgets

General. The City's currently budgeted General Fund revenues and expenditures for fiscal years 2019-20, and 2020-21, and actual General Fund revenues and expenditures for fiscal years 2017-18 and 2018-19, are set forth in the following table. Budgeted amounts are based on the most current and reliable currently information. The City is unable to predict the impact that COVID-19 may have on the City's finances or operations. As the longer-term impacts of COVID-19 on the local economy becomes more apparent, the City's predictions about the effects on City revenues will continue to evolve. The City's audited financial statements for the fiscal year ended June 30, 2019, are included as APPENDIX C to this Official Statement.

CITY OF LIVERMORE
General Fund Adopted Budgets
For Fiscal Years 2018-19 (Actual) and 2019-20 and 2020-21 (Adopted Budget)

	<u>Actual 2018-19</u>	<u>Existing Budget 2019-20 (1)</u>	<u>Proposed Budget 2019-20 (2)</u>	<u>Existing Budget 2020-21</u>	<u>Proposed Budget 2020-21 (2)</u>
<u>Revenues:</u>					
Property Tax	\$35,234,143	\$35,302,380	\$35,527,077	\$37,175,159	\$36,954,000
Sales Tax	35,556,493	36,924,000	32,834,450	37,662,480	30,864,380
Franchise Tax	5,206,202	5,454,441	5,423,104	5,621,348	5,480,000
Business License Tax	6,013,252	5,807,100	5,812,000	5,864,750	5,692,250
Other Taxes	5,667,600	5,869,650	4,565,650	6,357,346	4,100,000
License and Permits	2,647,472	2,322,000	2,452,500	2,201,080	2,276,080
Fines and Forfeitures	522,198	431,500	375,000	433,000	380,000
Use of Money and Property	8,531,498	5,462,477	6,794,564	5,537,824	5,696,124
Intergovernmental Revenues	9,685,637	9,947,437	10,123,768	10,308,969	10,815,130
Other In-Lieu Taxes	7,973	8,100	8,100	8,100	8,100
Charges for Current Services	7,779,317	7,283,541	7,817,233	7,014,407	7,511,769
Other Revenues	568,977	720,417	529,180	685,000	440,250
Total Revenues	117,420,762	115,533,043	112,262,626	118,869,463	110,218,083
Transfers In	900,260	1,942,858	4,571,463	3,152,361	2,145,934
Total Sources	118,321,022	117,475,901	116,834,089	122,021,824	112,364,017
<u>Expenditures:</u>					
Personnel	32,807,840	47,574,663	46,326,612	49,006,627	49,173,401
Supplemental Personnel	25,792,036	34,799,265	33,798,350	36,972,807	35,954,988
Services and Supplies	43,823,658	27,947,809	26,229,412	27,239,461	28,212,726
Capital Outlay	30,569	55,020	60,439	77,910	72,910
Capital Improvement	7,782,253	15,801,546	5,049,622	7,135,000	7,520,000
Reserves	1,331,148	2,474,550	3,214,514	901,122	1,306,936
Total Expenditures	111,567,504	128,652,853	114,678,949	121,332,927	122,240,961
Transfers Out	5,962,070	4,902,688	4,801,959	5,102,029	4,715,109
Total Uses	117,529,575	133,555,541	119,480,908	126,434,956	126,956,070
Change in Working Capital	791,447	(16,079,640)	(2,646,820)	(4,413,132)	(14,592,052)
Beginning Working Capital (July 1)	18,628,855	18,219,996	19,420,303	4,476,552	16,773,484
Ending Working Capital (June 30)	19,420,303	2,140,356	16,773,484	63,420	2,181,431

(1) Includes supplemental budget requests.

(2) Proposed fiscal year 2019-21 financial plan update, expected to be adopted by City Council on June 8, 2020.

Source: City of Livermore.

2020-21 Proposed Budget. The City’s 2020-21 proposed budget (the “Proposed Budget”) projects a cumulative general fund shortfall of approximately \$13.3 million, due to reductions on revenues (in particular, sales tax revenues) resulting from the COVID-19 pandemic and the City’s investment in its capital improvement program, the progression of which is expected to slow due to current economic volatility.

**CITY OF LIVERMORE
Proposed Financial Plan Update:
General Fund Budget Projections**

	Actual 2018-19	Proposed 2019-20	Proposed 2020-21
Operating Revenue	\$117,420,762	\$112,262,626	\$110,218,083
Transfers In	<u>900,260</u>	<u>4,571,463</u>	<u>2,145,934</u>
Total Sources	118,321,022	116,834,089	112,364,017
Total Operating Expenditures	102,454,103	106,414,813	113,414,025
Transfers Out	5,962,070	4,801,959	4,715,109
Capital Improvement Program	7,782,253	5,049,622	7,520,000
Total Uses	<u>116,198,426</u>	<u>116,266,394</u>	<u>125,649,134</u>
Excess/(Shortfall)	\$2,122,596	\$567,695	(\$13,285,117)

City General Fund Reserve Policy

The City is committed to the establishment of minimum fund balance/net position which will help maintain the City’s credit worthiness, and to provide funds for catastrophic events, economic uncertainties, contingencies and cash flow requirements. It is the goal of the City to achieve and maintain a combined minimum unrestricted (committed, assigned and unassigned) fund balance in its General Fund equal to 30% of the current year’s budgeted operating expenditures and outgoing transfers for debt service as listed below:

- The City’s General Fund balance committed for Operating Reserve Stabilization is established at a minimum of 15% of the General Fund’s budgeted operating expenditures plus debt service transfers, to be used in a catastrophic event or in a major emergency or in periods of severe fiscal crisis as described in the Comprehensive Fund Balance Policy.
- The City’s General Fund Assigned for Economic Uncertainty Reserve is established at a minimum of 13.5% of the General Fund’s budgeted operating expenditures plus debt service transfers, to be used during times of severe economic distress such as protracted recessionary periods, State raids on local resources, or other impactful unforeseen events which greatly diminish the financial ability of the City to deliver core services.
- The City will strive to maintain a minimum unassigned fund balance in its General Fund of 1.5% of the budgeted operating expenditures and outgoing debt service transfers. This minimum fund balance is to protect against cash flow shortfalls related to timing of projected revenue receipts and to maintain budgeted level of services.

As of June 30, 2019, all of these reserves were fully funded with the unassigned fund balance exceeding the City Council goal by 18.3%.

**CITY OF LIVERMORE
General Fund Balances**

	<u>2018-19</u>	<u>2019-20 ⁽¹⁾</u>	<u>2020-21 ⁽¹⁾</u>
Non-spendable	\$5,712,441	\$5,712,441	\$5,712,441
15% Committed Reserve	15,954,446	16,561,703	17,215,171
13.5% Assigned Reserve	14,359,001	14,095,533	15,493,654
1.5% Unassigned Reserve	1,595,445	1,656,170	1,721,517
Infrastructure Replacment	8,000,000	10,000,000	10,000,000
Available Unassigned	19,420,303	16,773,484	2,181,431
TOTAL FUND BALANCE	\$65,041,636	\$65,609,331	\$52,324,214

(1) Projected
Source: City of Livermore

In addition to these reserves, in June of 2016, the City Council directed staff to establish an Infrastructure Repair and Replacement Reserve to begin accumulating the resources necessary to address the City's aging infrastructure as part of the Council Goal and Priority of Asset Management. One of the City's strategies to contain costs and leverage its buying power is to save during times of economic prosperity so that resources are available during the next economic downturn. Council has directed staff to reserve \$2 million per year.

The General Fund reserve as of June 30, 2019, is \$39.9 million, or 38%, of General Fund operating expenditures plus debt service transfers. As noted above, the budgeted General Fund reserve for fiscal year 2019-20 is \$44.4 million, or 39% of General Fund operating expenditures plus debt service transfers.

State Budget and Its Impact on the City

The 2020-21 Proposed State Budget was release prior to the outbreak of COVID-19, and the original projections have been drastically changed due to effects of COVID-19. On May 14, 2020, the Governor released the May Revision to the 2020-21 Proposed State Budget (the "**May Revision**"). The May Revision notes that the COVID-19 pandemic and resulting recession has changed the State's fiscal landscape dramatically. Unemployment claims have surged, with increased unemployment claims of 4.4 million from mid-March to May 9, 2020, and a projected 2020 unemployment rate of 18%. Job losses have occurred in nearly every sector of the economy, and personal income is projected to decline by 9% in 2020.

Following record economic expansion, the United States economy entered into a recession in March of 2020, causing an immediate negative impact on State revenues, with all three of the State's major revenue sources showing significant declines relative to the Governor's original budget forecast. From fiscal years 2018-19 through 2020-21, the May Revision baseline revenue estimate has decreased by over \$43 billion, before accounting for transfers.

The changes in the three largest State tax sources are:

- Personal income tax revenues, which are revised downward by \$32.6 billion (including \$6.9 billion less in 2019-20 and \$26.3 billion less in 2020-21), due to a decline in all income sources, but particularly wages, proprietorship income, and capital gains;
- Sales and use tax receipts, which are down by almost \$10 billion (\$2.2 billion less in 2019-20 and \$7.7 billion less in 2020-21) due mainly to lower consumption and investment by business; and
- Corporation tax revenues, which are down over \$5 billion based on a significant drop in corporate profits.

After accounting for transfers, which includes loan repayments as well as automatic and discretionary transfers to the State's Rainy Day Fund, baseline State general fund revenues at the May Revision forecast are down relative to the proposed budget by over \$41 billion (\$9.6 billion in the current 2019-20 fiscal year and \$32 billion in the budgeted 2020-21 fiscal year).

The revenue decreases, combined with increased costs in health and human service programs and the added costs to address COVID-19, result in a projected budget deficit of approximately \$54 billion, prior to the changes proposed in the May Revision.

Information about the fiscal year 2019-20 State budget, the 2020-21 Proposed State Budget and other State budgets is regularly available at various State-maintained websites. An impartial analysis of the budget is posted by the Legislative Analyst Office at www.lao.ca.gov. In addition, various State official statements, many of which contain a summary of the current and past State budgets, may be found at the website of the State Treasurer, www.treasurer.ca.gov. *The information referred to in this paragraph is prepared by the respective State agency maintaining each website and not by the City or Underwriter, and the City and Underwriter take no responsibility for the continued accuracy of the Internet addresses or for the accuracy or timeliness of information posted there, and such information is not incorporated in this Official Statement by these references.*

The City cannot predict what actions will be taken in future years by the State Legislature and the Governor to address the State's current or future budget deficits. Future State budgets will be affected by national and state economic conditions and other factors over which the City has no control. To the extent that the State budget process results in reduced revenues to the City, the City will be required to make adjustments to its budget. Decrease in such revenues may have an adverse impact on the City's ability to pay the Certificates.

Financial Statements

The accounting policies of the City conform to generally accepted accounting principles. The Governmental Accounting Standards Board ("**GASB**") published its Statement No. 34 "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments" on June 30, 1999. Statement No. 34 provides guidelines to auditors, state and local governments and special purpose governments such as school districts and public utilities for financial reporting for all governmental agencies in the United States. Generally, the basic financial statements and required supplementary information should include (i) Management's Discussion and Analysis; (ii) financial statements prepared using the economic measurement focus and the accrual basis of accounting; (iii) fund financial statements prepared using the current financial resources measurement focus and the modified accrual method of accounting; and (iv) required supplementary information.

Accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. There are three groups of funds: governmental funds (which include the General Fund), proprietary funds (which include enterprise funds and internal service funds) and fiduciary funds (which are used to account for resources held for the benefit of parties outside the City).

All governmental funds and fiduciary funds use the modified accrual basis of accounting. The proprietary funds use the accrual basis of accounting. The General Fund is the general operating fund of the City and is used to account for all financial resources except those required to be accounted for in a separate fund.

In fiscal year 2014-15, the City implemented GASB Statements No. 68 and 71. These statements establish standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources and pension plan expenses. GASB Statements No. 68 and No. 71 do not change the pension funding obligations of the City and have had no effect on the General Fund. See also “– Employee Retirement System.”

In fiscal year 2016-17, the City implemented GASB Statement No. 74, which relates to plan level financial reporting for fiduciary fund financial statements. In fiscal year 2017-18, the City implemented GASB Statement No. 75, which relates to improved accounting and financial reporting by state and local governments for other post-employment benefits (“**OPEB**”).

The City’s most recent audited financial statements are included in the Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2019, which is attached as APPENDIX C to this Official Statement. The financial statements were prepared by the City and audited by Maze & Associates (the “**Auditor**”).

The financial statements should be read in their entirety. *The City has neither requested nor obtained permission from the Auditor to include the audited financial statements as an appendix to this Official Statement. Accordingly, the Auditor has not performed any post-audit review of the financial condition or operations of the City or General Fund. In addition, the Auditor has not reviewed this Official Statement.*

Set forth on the following pages are (i) a general fund balance sheet for fiscal years 2014-15 through 2018-19 and (ii) a statement of revenues, expenditures and changes in fund balance for the City’s General Fund for the same period.

CITY OF LIVERMORE
General Fund Balance Sheet

	Audited 2014-15	Audited 2015-16	Audited 2016-17	Audited 2017-18	Audited 2018-19
ASSETS:					
Cash and investments in City Treasury	\$28,783,089	\$32,771,900	\$41,778,029	\$49,948,78	\$55,223,247
Accounts receivable	6,122,130	11,693,375	9,014,068	8,042,464	8,917,551
Interest receivable	844,190	919,412	1,027,729	1,377,384	2,030,505
Due from other funds	230,240	181,859	679,279	1,191,119	14,651
Advances to other funds	5,316,480	5,209,876	5,094,048	4,983,136	3,880,245
Prepays and deposits	106,941	10,999	97,720	200,584	104,759
Notes receivable	475,000	--	--	--	--
Land held for redevelopment	--	--	--	1,727,437	1,727,437
Total assets	41,878,070	50,787,421	57,690,873	67,470,602	71,898,395
LIABILITIES:					
Accounts payable or other accrued liabilities	1,532,797	1,506,186	1,732,637	3,217,410	5,674,185
Accrued payroll and benefits	1,703,144	1,482,458	977,522	946,345	990,348
Deposit payable	11,731	11,500	20,939	26,783	135,210
Advance from other funds	708,413	593,261	476,958	359,493	--
Unearned rents and revenue	51,345	54,480	14,507	--	53,000
Total liabilities	4,007,430	3,647,885	3,222,563	4,550,031	6,852,743
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	545,000	--	--	1,531	4,017
Total deferred inflows of resources	545,000	--	--	1,531	4,017
Fund Balances:					
Nonspendable	5,423,421	5,220,875	5,191,768	6,911,157	5,712,441
Restricted	--	--	--	--	--
Committed	12,897,711	13,980,181	14,534,792	15,689,514	15,954,446
Assigned	8,598,474	16,490,551	17,891,417	20,120,563	22,359,001
Unassigned	10,406,034	11,447,929	16,850,333	20,197,806	21,015,747
Total fund balances	37,325,640	47,139,536	54,468,310	62,919,040	65,041,635
Total liabilities and fund balances	\$41,878,070	\$50,787,421	\$57,690,873	\$67,470,602	\$71,898,395

Source: City of Livermore Comprehensive Annual Financial Reports.

CITY OF LIVERMORE
Statement of General Fund Revenues, Expenditures and Changes in Fund Balance

	<u>Audited</u> <u>2014-15</u>	<u>Audited</u> <u>2015-16</u>	<u>Audited</u> <u>2016-17</u>	<u>Audited</u> <u>2017-18</u>	<u>Audited</u> <u>2018-19</u>
<u>Revenues:</u>					
Property Taxes and special assessments	\$26,168,872	\$28,131,161	\$30,187,436	\$32,637,569	\$35,234,143
Sales taxes	27,278,151	29,932,022	30,684,026	32,346,374	35,556,493
Other taxes	13,587,065	15,204,336	15,503,409	17,306,457	16,895,027
Licenses and permits	2,919,585	3,375,139	2,587,073	3,329,443	2,647,472
Intergovernmental	8,209,667	8,408,098	8,852,215	9,353,334	9,713,419
Contributions from outside sources	24,281	--	--	75,515	125,000
Fines and forfeitures	474,279	404,562	382,735	472,063	522,198
Charges for current services	10,463,545	11,846,277	10,499,907	9,424,003	7,752,120
Use of money and property	2,504,350	3,768,223	3,115,686	3,556,356	8,531,498
Miscellaneous	1,311,859	1,379,643	1,194,782	1,140,518	443,392
Total revenues	92,941,654	102,449,461	103,007,269	109,641,632	117,420,762
<u>Expenditures:</u>					
<u>Current:</u>					
General government					
City Council	147,149	158,562	163,769	158,834	153,040
City Manager	1,695,372	1,721,474	1,567,504	1,878,162	1,992,078
City Attorney	1,348,802	1,583,441	1,613,198	1,339,275	1,635,294
City Clerk	795,433	733,792	--	--	--
Administrative Services	3,776,370	3,869,899	4,963,911	5,022,105	5,584,001
General Services	5,996,448	6,077,979	4,951,296	5,011,989	5,367,660
Fire	16,392,361	17,593,133	18,153,885	19,730,024	21,467,182
Police	30,839,062	29,874,962	31,332,961	34,028,461	36,597,420
Public Works	5,523,651	5,957,437	6,018,508	6,701,971	7,048,763
Community & Econ. Development	13,713,557	15,436,122	16,881,991	16,497,855	17,896,133
Library	4,381,725	4,474,139	5,218,799	5,570,535	5,587,920
Capital outlay					
Capital projects	657,902	837,993	1,308,516	1,938,989	6,906,865
Total expenditures	85,267,832	88,318,933	92,174,338	97,878,200	110,236,356
Excess of revenues over (under) expenditures	7,673,822	14,130,528	10,832,931	11,763,432	7,184,406
<u>Other financing sources (uses):</u>					
Transfers in	1,646,984	1,390,376	2,287,970	3,845,182	900,260
Transfers out	(4,278,722)	(5,707,008)	(5,792,127)	(7,348,147)	(5,962,071)
Total other financing sources (uses)	(2,631,738)	(4,316,632)	(3,504,157)	(3,502,965)	(5,061,811)
Net change in fund balance	5,042,084	9,813,896	7,328,774	8,260,467	2,122,595
Fund balance - July 1	32,283,556	37,325,640	47,139,536	54,468,310	62,919,040
Beginning fund, as restated	--	--	--	54,658,573	--
Fund balance - June 30	\$37,325,640	\$47,139,536	\$54,468,310	\$62,919,040	\$65,041,635

Source: City of Livermore Comprehensive Annual Financial Reports.

Major Revenues

The following table summarizes the City's most significant tax revenue, which is deposited in the general fund.

CITY OF LIVERMORE					
General Fund Tax Revenues					
Type of Revenue	<u>2016-17^(a)</u>	<u>2017-18^(a)</u>	<u>2018-19^(a)</u>	<u>2019-20^(b)</u>	<u>Projected 2020-21^(b)</u>
Property Tax	\$30,187,437	\$32,637,569	\$35,234,143	\$35,527,077	\$36,954,000
Sales Tax	30,684,026	32,346,374	35,556,493	32,834,450	30,864,380
Franchise Taxes	4,937,465	5,124,698	5,206,202	5,423,104	5,480,000
Business License Tax	5,421,138	5,434,044	6,013,252	5,812,000	5,692,250
Other Taxes ^(c)	5,140,396	6,739,653	5,667,601	4,565,650	4,100,000
Other Taxes In Lieu	8,342	8,062	7,973	8,100	8,100
Total	\$76,378,804	\$82,290,400	\$87,685,664	\$84,170,381	\$83,098,730

^(a) Restated from the City of Livermore Audited Financial Reports.

^(b) Provided by City Finance Department.

^(c) Other Taxes include Transient Occupancy Tax, Real Property Tax, and Business Construction Tax.

Source: City of Livermore.

Sales and Use Tax.

For fiscal year, 2018-19, sales tax was the City's largest revenue source, with over 20% of all sales tax revenue derived from its outlet mall. In addition to a consumer trend of moving away from brick and mortar stores, COVID-19 is impacting consumer behavior and retail sales. Sales tax projections in the Proposed Budget have been reduced by 11% or \$4.1 million for the current fiscal year and 18% or \$6.8 million for next fiscal year. This projection is reflective of the City's portfolio of sales tax producers, specifically the concentration of retailers of general consumer goods.

The sales tax is imposed on retail sales of tangible personal property. A similar use tax is imposed on purchases out-of-state and delivered for use in California. Since the passage of the Bradley-Burns Act in 1955, the State has collected, along with its own sales taxes, a uniform 1% sales and use tax for allocation to cities and counties based on a point-of-sale formula. The passage of Proposition 172 in 1993 permanently extended an additional 0.5% sales tax dedicated to local public safety. Sales and use tax receipts to the City are deposited in the City's general fund. In fiscal year 2019-20, sales tax was the City's second largest source of revenue.

Total taxable transactions during calendar year 2019 in the City were reported to be \$2.96 billion, a 1.46% increase over the total taxable transactions of \$2.92 billion reported during calendar year 2018.

The following tables summarize historical taxable transactions in the City and the County.

CITY OF LIVERMORE
Taxable Transactions - 2015 through 2019
Number of Permits and Valuation of Taxable Transactions

	Retail Stores		Total All Outlets	
	Number of Permits	Taxable Transactions (in thousands)	Number of Permits	Taxable Transactions (in thousands)
2015 ⁽¹⁾	1,507	\$1,689,813	2,641	\$2,358,743
2016	1,499	1,804,142	2,662	2,507,127
2017	1,513	1,888,222	2,722	2,787,558
2018	1,501	1,980,658	2,806	2,917,004
2019	1,530	2,005,968	2,901	2,959,726

(1) Permit figures for calendar year 2015 are not comparable to that of prior years due to outlet counts in these reports including the number of outlets that were active during the reporting period. Retailers that operate part-time are now tabulated with store retailers.

Source: State Department of Tax and Fee Administration.

Total taxable sales during calendar year 2019 in the County were reported to be \$35.04 billion, a 0.09% decrease over the total taxable sales of \$35.07 billion reported during calendar year 2018.

ALAMEDA COUNTY
Taxable Transactions - 2015 through 2019
Number of Permits and Valuation of Taxable Transactions

	Retail Stores		Total All Outlets	
	Number of Permits	Taxable Transactions (in thousands)	Number of Permits	Taxable Transactions (in thousands)
2015 ⁽¹⁾	17,260	\$18,702,806	45,197	\$29,770,157
2016	27,273	19,386,688	44,799	30,958,480
2017	27,431	20,561,252	45,232	32,476,174
2018	27,816	22,857,349	47,402	35,073,302
2019	28,375	21,882,886	49,197	35,040,749

(1) Permit figures for calendar year 2015 are not comparable to that of prior years due to outlet counts in these reports including the number of outlets that were active during the reporting period. Retailers that operate part-time are now tabulated with store retailers.

Source: State Department of Tax and Fee Administration.

In response to the COVID-19 pandemic, the Governor has extended the deadline to file and pay first quarter 2020 sales and use tax returns by 90 days for all but the very largest taxpayers. As a result of the extended deadline to file sales and tax returns, it is estimated that up to 361,000 California businesses with less than \$5 million in taxable annual sales will be allowed to defer up to \$50,000 in sales tax and enter into 12-month payment plans at zero interest. These actions will result in delays in the receipt by the City of its portion of sales tax payments.

Property Taxes

Property tax has historically been one of the top two largest revenue sources for the City. In the Proposed Budget, the City has projected increases of 5% for FY 2019-20 and FY 2020-21 based upon estimates provided by the County Assessor. However, changes in the local real estate market that occur in 2020 as a result of the COVID-19 pandemic will impact the City's budget from 2021-2022 onward.

Assessed Valuation. All non-exempt property is assessed using full cash value as defined by Article XIII A of the California Constitution. State law exempts from taxation \$7,000 of the full cash value of an owner-occupied dwelling, provided that the owner files and qualifies for such exemption. This exemption does not result in any loss of tax revenue to local agencies, since the State reimburses local agencies for the value of taxes on exempted property. State law also provides exemptions from *ad valorem* property taxation for certain classes of property based on ownership or use, such as household and personal effects, intangible personal property (such as bank accounts, stocks and bonds), business inventories and real property used for religious, non-profit hospital, scientific and charitable purposes; the State does not reimburse local agencies for any tax not levied due to these exemptions. State and federal government property also is not taxed, nor is local government property located within the jurisdiction of that local government.

For assessment and collection purposes, property is classified as either "secured" or "unsecured" and is listed accordingly on separate parts of the assessment roll. The "secured roll" is that part of the assessment roll containing State-assessed real property and other real property having a tax lien which is sufficient, in the opinion of the assessor, to secure payment of the taxes. Unsecured property comprises all other taxable property, including personal property and leasehold interests. Unsecured property is assessed on the "unsecured roll." Every tax levied by a county that becomes a lien on secured property has priority over all present and future private liens arising pursuant to State law on the secured property, regardless of the time of the creation of the other liens. A tax levied on unsecured property does not become a lien against the taxed unsecured property, but may become a lien on other property owned by the taxpayer. Valuation of secured property and a statutory tax lien is established as of January 1 prior to the tax year (the tax year is the July 1 - June 30 fiscal year of the State) of the related tax levy, and the secured and unsecured tax rolls are certified as of July 1 of the tax year by the County Assessor. New property and improvements are assessed and added to "supplemental" rolls during the year acquired or improvements are completed, and taxed at the secured or unsecured rate then in effect, as the case may be, for the remaining portion of that year. The next year and thereafter such assets are assessed on the regular tax rolls.

Future growth in assessed valuation allowed under Article XIII A is allocated on the basis of "situs" among the jurisdictions that serve the tax rate area within which the growth occurs. Local agencies and school districts will share the growth of "base" revenues from the tax rate area. Each year's growth allocation becomes part of each agency's allocation in the following year.

The following table represents the most recent five-year history of gross assessed valuation in the City:

**CITY OF LIVERMORE
Historial Assesed Valuations**

<u>Fiscal Year</u>	<u>Local Secured</u>	<u>Utility</u>	<u>Unsecured</u>	<u>Total Tax Before Redevelopment Tax Increment</u>	<u>Total After Redevelopment Tax Increment</u>
2015-16	\$15,129,450,640	\$16,125,723	\$624,863,994	\$15,770,440,357	\$15,182,665,801
2016-17	16,114,177,968	16,036,533	647,985,363	16,778,199,864	16,125,027,940
2017-18	17,198,049,842	13,149,678	654,934,535	17,866,134,055	17,160,323,634
2018-19	18,315,601,308	13,261,314	728,354,143	19,057,216,765	18,322,369,249
2019-20	19,361,489,548	12,659,804	873,404,933	20,247,554,285	19,421,373,875

Source: California Municipal Statistics

Tax Levies, Collections and Delinquencies. Secured property tax rates are set annually by the first business day of September for the levy of property taxes in that tax year. The levy is payable in two equal installments due November 1 and February 1, and payments become delinquent if not postmarked or paid by end of the business day on December 10 and April 10, respectively. Taxes on unsecured property (personal property and leasehold interests) are levied at the preceding fiscal year's secured tax rate and have a due date set by each county effectively no earlier than July 1 and no later than July 31 of each year. Taxes on unsecured property become delinquent if not postmarked or paid by end of business day on August 31, or if added to the unsecured roll after July 31, become delinquent at the end of the month succeeding the month of enrollment.

A 10% penalty attaches to any delinquent payment for secured roll taxes, plus a charge of \$10 if unpaid after April 10. In addition, property on the secured roll for which taxes are delinquent becomes tax-defaulted if not paid by June 30 of the same fiscal year. Such property may thereafter be redeemed by payment of (a) the delinquent taxes, (b) the 10% penalty, (c) the \$10 charge, (d) an additional penalty of 1.5% per month (18% annualized rate) from July 1 to the time of redemption and (e) a redemption fee of \$15 per parcel, \$5 of which goes to the State (collectively, the "Redemption Amount"). Properties may be redeemed under an installment plan of paying the Redemption Amount in five equal installments over a period of four years. A delinquent taxpayer may enter into the installment plan at any time up to the June 30 occurring five years after the property becomes tax defaulted. If taxes are unpaid five years after the property becomes tax defaulted or, if an installment plan is in place, then at the end of the installment plan, the County can initiate a "power to sell" procedure for the County Tax Collector to sell the property at auction. Alternatively, in certain instances the County may institute a superior court action to foreclose the lien on the property; if the lawsuit is successful, the property may be sold at a judicial foreclosure sale.

A 10% penalty attaches to delinquent taxes on property on the unsecured roll, and after the last day of the second month after the 10% penalty attaches, an additional penalty of 1.5% per month begins to accrue and a lien is recorded against the assessee. The taxing authority may collect delinquent unsecured personal property taxes by: (a) a civil action against the taxpayer; (b) filing a certificate of delinquency in the office of the County Clerk specifying certain facts in order to obtain a judgment lien on specific property of the taxpayer; and (c) seizure and

sale of personal property, improvements or possessory interests belonging or assessed to the assessee.

Supplemental roll taxes are due on the date the bill is mailed. If the tax bill is mailed within the months of July through October, the first installment shall become delinquent at 5 p.m., or the end of the business day, whichever is later, on December 10 of the same year and the second installment shall become delinquent at 5 p.m., or the end of the business day, whichever is later, on April 10 of the next year; if the bill is mailed within the months of November through June, the first installment shall become delinquent at 5 p.m., or the end of the business day, whichever is later, on the last day of the month following the month in which the bill is mailed and the second installment shall become delinquent at 5 p.m., or the end of the business day, whichever is later, on the last day of the fourth calendar month following the date the first installment is delinquent. A 10% penalty attaches to any delinquent payment for supplemental roll taxes.

All tax due dates and delinquency dates become the next business day if they fall on a day that is not a business day.

Waiver of State Laws Relating to Penalties for Non-Payment of Property Taxes. In an attempt to mitigate the effects of the COVID-19 pandemic on State property taxpayers, on May 6, 2020, the Governor signed Executive Order N-61-20 (“**Order N-61-20**”). Under Order N-61-20, certain provisions of the State Revenue and Taxation Code are suspended until May 6, 2021 to the extent said provisions require a tax collector to impose penalties, costs or interest for the failure to pay secured or unsecured property taxes, or to pay a supplemental bill, before the date that such taxes become delinquent. Said penalties, costs and interest shall be cancelled under the conditions provided for in Order N-61-20, including if the property is residential real property occupied by the taxpayer or the real property qualifies as a small business under certain State laws, the taxes were not delinquent prior to March 4, 2020, the taxpayer files a claim for relief with the tax collector, and the taxpayer demonstrates economic hardship or other circumstances that have arisen due to the COVID-19 pandemic or due to a local, state, or federal governmental response to COVID-19.

Disclaimer Regarding Property Tax Collection Procedures. The property tax collection procedures described above are subject to amendment based on legislation or executive order, including Order N-61-20, which may be enacted by the State legislature or declared by the Governor from time to time. The City cannot predict changes in law or orders of State officials that might occur in the future, particularly with regard to actions that might be taken in an attempt to mitigate the impacts of the COVID-19 pandemic.

The following is a summary of *ad valorem* tax rates for a representative tax rate area, TRA 16-071, within the City. TRA 16-071 has a total fiscal year 2019-20 secured assessed valuation of \$6,926,803,101, approximately 34.21% of the City’s total local secured assessed valuation.

CITY OF LIVERMORE
Tax Rates - TRA 16-071

	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>
General	1.0000%	1.0000%	1.0000%	1.0000%	1.0000%
Alameda County	.0000	.0000	.0000	.0112	.0108
Livermore Valley Joint Unified School District	.0404	.0886	.0803	.0771	.0743
Chabot Las Positas CCD	.0198	.0246	.0445	.0443	.0422
Flood Zone 7, State Water	.0343	.0333	.0359	.0332	.0309
Bay Area Rapid Transit District	<u>.0026</u>	<u>.0080</u>	<u>.0084</u>	<u>.0070</u>	<u>.0120</u>
TOTAL	1.0971%	1.1545%	1.1691%	1.1728%	1.1702%

Source: California Municipal Statistics, Inc.

The secured tax charges and year-end delinquencies for the most recent five years are reflected on the following table:

CITY OF LIVERMORE
Secured Tax Charge and Delinquencies

<u>Fiscal Year</u>	<u>Secured Tax Charge⁽¹⁾</u>	<u>Amount Delinquent as of June 30</u>	<u>Percent Delinquent June 30</u>
2014-15	\$23,879,546.57	\$256,837.43	1.08%
2015-16	25,581,676.66	325,351.24	1.27
2016-17	27,223,319.92	301,816.94	1.11
2017-18	29,227,082.95	260,838.11	0.89
2018-19	31,300,680.02	275,282.83	0.88

(1) 1% General Fund apportionment.

Source: California Municipal Statistics, Inc.

No Teeter Plan. The Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the “**Teeter Plan**”) has been adopted by 53 of the 58 counties, including Alameda County, as provided for in Section 4701 *et seq.* of the State Revenue and Taxation Code. Under the Teeter Plan, each participating local agency, including cities, levying property taxes in a county receives the amount of uncollected taxes credited to its fund, in the same manner as if the amount credited had been collected. In return, the county receives and retains delinquent payments, penalties and interest as collected, that would have been due the local agency. However, although a local agency receives the total levy for its property taxes without regard to actual collections, to the extent of a reserve established and held by its county for this purpose, the basic legal liability for property tax deficiencies at all times remains with the local agency. The Teeter Plan is to remain in effect unless the county board of supervisors orders its discontinuance or unless, prior to the commencement of any fiscal year of the county, the board of supervisors receives a petition for its discontinuance from two-thirds of the participating revenue districts in the county. The board of supervisors may, after holding a public hearing on

the matter, discontinue the procedures under the Teeter Plan with respect to any tax levying agency in its county.

The City has elected not to participate in the Teeter Plan. That means that the City is subject to any delinquencies in the collection of property taxes but gains all penalty and interest amounts when such delinquencies are collected.

Largest Property Taxpayers. The following table represents the 20 largest secured property tax payers in the City for fiscal year 2019-20.

CITY OF LIVERMORE Largest Taxpayers			
<u>Property Owner</u>	<u>Primary Land Use</u>	<u>2019-20</u>	
		<u>Assessed Valuation</u>	<u>Percent of Total ^(a)</u>
1. Livermore Premium Outlets LLC	Outlet Stores	\$218,104,376	1.13%
2. Livermore Oaks Joint Venture LLC	Industrial	149,255,031	0.77
3. Kaiser Foundation Hospitals	Industrial	104,127,171	0.54
4. Arkay Properties LLC	Industrial	98,405,310	0.51
5. Longfellow Logistics Center LLC	Industrial	67,320,000	0.35
6. Marathon Drive Buildings LLC	Industrial	65,577,329	0.34
7. 3055 Livermore Owner LLC	Office Building	62,610,800	0.32
8. Raintree Ironwood LLC	Apartments	59,947,068	0.31
9. Sequoia Equities Mill Springs	Apartments	51,397,757	0.27
10. BTMU Capital Leasing & Finance Inc.	Industrial	47,128,857	0.24
11. Sutter Health	Commercial Land	45,638,196	0.24
12. Eleanor Sade Trust	Industrial	43,999,888	0.23
13. 174 Lawrence Drive Investors LLC	Industrial	42,797,860	0.22
14. Valley Care Senior Housing Inc.	Apartments	41,648,173	0.22
15. Dorothy J. Anderson Trust	Shopping Center	37,750,285	0.19
16. Arroyo-Livermore Business Park LP	Industrial	37,358,167	0.19
17. Vineyard Management Company	Industrial	37,129,406	0.19
18. PK I PLAZA 580 SC LP	Shopping Center	37,090,000	0.19
19. Golden Bears LLC & Ellis Street Properties	Auto Dealership	35,101,917	0.18
20. John L. Sullivan Family LP	Auto Dealership	<u>33,337,639</u>	<u>0.17</u>
		<u>\$1,315,725,230</u>	<u>6.80%</u>

(a) 2019-20 Local Secured Assessed Valuation: \$19,361,489,548

Source: California Municipal Securities, Inc.

Other Taxes

Cities in California are authorized to levy and collect other taxes for deposit in the general fund in addition to property taxes. Among these other taxes are: Sales and Use Tax, Construction Tax, Business License Tax, Transient Occupancy Tax, Real Property Transfer Tax, and other miscellaneous taxes. For the City, the most significant of these taxes are the following:

Business License Tax. The Business License Tax is a type of excise tax imposed on businesses for the privilege of conducting business within the City. Major businesses exempted

from the tax are banks and insurance companies. In the majority of cases the City's tax is based on gross receipts. The Proposed Budget assumes that business license tax will decline during the remainder of the City's current budget cycle due to the shelter-in-place' directive in response to the COVID-19 pandemic.

Transient Occupancy Tax. Sometimes referred to as a hotel tax, this tax is imposed on occupants for the privilege of occupying rooms in hotels, motels, inns and other taxed properties. The City's current transient occupancy tax is 8%. Transient occupancy tax projections were reduced by roughly 35% or \$1.3 million for the current fiscal year and 35% or \$1.6 million for next fiscal year in the Proposed Budget.

Franchises

Several State statutes provide cities with the authority to impose fees on privately-owned utility companies and other businesses for the privilege of using city right-of-way. The City collects franchise fees from gas and electric utilities, cable television and garbage franchises.

Motor Vehicle License Fee

The Motor Vehicle License Fee ("**VLF**") is a tax in lieu of any ad valorem property tax on vehicles and is administered by the State Department of Motor Vehicles. Revenues generated by the VLF are constitutionally required to be apportioned to local governments (Article XI, Section 15 (a)) for use for their general fund purposes. These revenues are statutorily split between counties and cities. Rather than assessing the value of each individual vehicle and imposing a 1% property tax, as is done with real property, the State uniformly applies a 0.65% tax on each vehicle based on its purchase price adjusted by a depreciation schedule. Prior to 2004/05, this VLF rate was 2%, and any difference between 2% and any lower rate actually levied on vehicles was made up to cities and counties from State general funds. With the change in rate to 0.65% in fiscal year 2004/05, the State ended such "VLF backfill" to cities and counties and replaced it with a like amount of property taxes. Subsequent to the fiscal year 2004/05 base year, each city's property tax in lieu of VLF increases annually in proportion to the growth in gross assessed valuation in that jurisdiction, without reference to VLF.

Under SB 89/AB 118, effective July 1, 2011, all city VLF revenues were shifted to fund law enforcement grants, previously paid from various State revenues.

Long-Term General Fund Obligations

Set forth below is a summary of long-term obligations payable from the City's general fund.

2011 Certificates of Participation. On June 1, 2011, \$17,470,000 of 2011 Certificates of Participation were issued to fund the costs associated with a two mile extension of Jack London Boulevard, storm drainage facilities, including a 40 acre conveyance facility, and to construct a new 12,000 sq. ft. Airport Administration Building for the Livermore Municipal Airport. Semi-annual interest payments are due February 1 and August 1, commencing February 1, 2012. Annual principal payments are due August 1, commencing August 1, 2013. Debt service payments are being funded by the Airport Enterprise Fund and the General Fund.

See the caption "PLAN OF FINANCING" in the forepart of this Official Statement for a discussion of the refunding of these obligations from proceeds of the 2020B Certificates.

2014 Variable Rate Demand Certificates of Participation. On November 7, 2014, \$9,380,000 principal amount of 2014 Variable Rate Demand Certificates of Participation Series A, were issued to fund the acquisition of the site and facilities of the Bankhead Theater; and \$49,720,000 principal amount of 2014 Variable Rate Demand Certificates of Participation Series B, were issued to refund the current outstanding balance of the 2008 COP and to fund the costs of executing and delivery of the Certificates.

The refunding was undertaken to reduce the total debt service payments over 16 years. Interest payments are due quarterly beginning January 1, 2015 and principal payments are payable annually beginning October 1, 2015. Debt Service payments are funded by Host Community Impact Fees, Water Enterprise Fund, Airport Enterprise Fund, and General Fund. Previously, debt service payments were also funded by Las Positas Golf Course Enterprise (“LPGC”) Fund; however, with the closure of LPGC Fund in February 2019, the General Fund is providing additional funding equal to LPGC’s share to payoff this debt.

See the caption “PLAN OF FINANCING” in the forepart of this Official Statement for a discussion of the refunding of these obligations from proceeds of the Certificates.

Labor Relations

There are currently 413.10 full equivalent (FTE) City employees, the majority of which are assigned to representation units, with formal or informal labor organizations as follows:

**CITY OF LIVERMORE
Labor Relations**

<u>Employee Organization</u>	<u>Number of FTE Positions</u>	<u>Contract Expiration Date</u>
Association of Livermore Employees	234.35	9/30/2021
Livermore Management Group	64.00	6/30/2021
Livermore Police Officers Association	86.00	4/30/2021
Police Management	7.00	6/30/2021
Unrepresented	<u>21.75</u>	N/A
Total	413.10	

Source: City of Livermore Human Resources Division.

Risk Management

The City is self-insured for general liability claims up to a self-insured retention (“SIR”) of \$500,000 per occurrence. It is a member of California Joint Powers Risk Management Authority (“CJPRMA”), an excess insurance pool that provides coverage for each occurrence that exceeds the SIR. CJPRMA provides coverage up to \$40,000,000 per occurrence. The first \$5,000,000 layer is retained by CJPRMA and the second and third layers totaling \$35,000,000 are covered by reinsurance, purchased through their broker of record, Aon. The City contributed \$332,381 to CJPRMA for liability coverage for the fiscal year ending June 30, 2019. The City purchases a variety of insurance products from Aon, both through the CJPRMA pooled program and directly. The City paid \$134,404 directly to Aon, \$204,660 to Alliant through CJPRMA for property insurance, and \$39,900 for auto physical damage insurance to Aon through CJPRMA.

The Local Agency Workers Compensation Excess Joint Powers Authority (“**LAWCX**”) covers workers compensation up to statutory limits. The City has a deductible or uninsured liability of up to \$500,000 per claim. During the fiscal year ended June 30, 2019, the City contributed \$326,527 for program year coverage.

There were no significant change in insurance coverage was an increase in the deductible for property insurance from \$25,000 to \$100,000 per occurrence. There were no settlements in excess of insurance coverage in any of the three prior fiscal years.

See Note 14 in the City’s fiscal year 2018-19 audited financial statements, which are attached to this Official Statement as Appendix C, for additional information about the City’s risk management practices.

Employee Retirement System

*This caption contains certain information relating to California Public Employees’ Retirement System (“**CalPERS**”). The information is primarily derived from information produced by CalPERS, its independent accountants and actuaries. The City has not independently verified the information provided by CalPERS and makes no representations and expresses no opinion as to the accuracy of the information provided by CalPERS.*

The comprehensive annual financial reports of CalPERS are available on its Internet website at www.calpers.ca.gov. The CalPERS website also contains CalPERS’ most recent actuarial valuation reports and other information concerning benefits and other matters. Such information is not incorporated by reference in this Official Statement Neither the City nor Underwriter can guarantee the accuracy of such information. Actuarial assessments are “forward-looking” statements that reflect the judgment of the fiduciaries of the pension plans, and are based upon a variety of assumptions, one or more of which may not materialize or may be changed in the future. Actuarial assessments will change with the future experience of the pension plans.

GASB Statement No. 68. In June 2012, the GASB adopted new standards (GASB Statement No. 68, or “**GASB 68**”) with respect to accounting and financial reporting by state and local government employers for defined benefit pension plans. The new standards revise the accounting treatment of defined benefit pension plans, changing the way expenses and liabilities are calculated and how state and local government employers report those expenses and liabilities in their financial statements. Major changes include: (i) the inclusion of unfunded pension liabilities on the government’s balance sheet (previously, such unfunded liabilities were typically included as notes to the government’s financial statements); (ii) pension expense incorporates more rapid recognition of actuarial experience and investment returns and is no longer based on the employer’s actual contribution amounts; (iii) lower actuarial discount rates that are required to be used for underfunded plans in certain cases for purposes of the financial statements; (iv) closed amortization periods for unfunded liabilities that are required to be used for certain purposes of the financial statements; and (v) the difference between expected and actual investment returns to will be recognized over a closed five-year smoothing period. The reporting requirements took effect in fiscal year 2014-15. Based on the adoption of the new accounting standards, beginning with the fiscal year 2014-15 actuarial valuation, the annual required contribution and the annual pension expense will be different. GASB 68 is a change in accounting reporting and disclosure requirements, but it does not change the City’s pension plan funding obligations.

Information shown in this section that has been sourced from a CalPERS Actuarial Valuation Report has not been prepared in accordance with GASB 68. For a presentation of

additional information that is required by GASB 68, see Note 10 to the City's Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2019, which is attached as APPENDIX C.

Plan Description. All qualified permanent and probationary employees are eligible to participate in the City's separate Safety (police) cost-sharing and Miscellaneous (all other) agent multiple-employer defined benefit plans ("**Plans**"), administered by the CalPERS. The Miscellaneous Plans are agent multiple-employer defined benefit pension plans administered by CalPERS, which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plans are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

The City's Safety Plans became part of a cost-sharing multiple employer defined benefit pension plan administered by CalPERS, commonly referred to as a risk pool, as of the actuarial valuation date of June 30, 2003. Risk pools exist for employers with less than 100 active plan members. When risk pools were established, CalPERS assigned each entity in the pool a share of the unfunded liability, and assessed a rate of 7.75% annually. Contributions toward the payoff of the unfunded liability were included in the City's annual rate adjustment. On February 22, 2013 the City prepaid its outstanding side fund balance to CalPERS which reduced the future employer's contribution rate for safety employees through the original side fund amortization period ending on June 30, 2017.

The City has three retirement benefit tiers in the Plans. Membership in the first tier of the retirement system is closed to new employees hired on or after December 26, 2012. The second tier was adopted by the City in November 2012 for all employees hired on and after December 27, 2012. The third tier was adopted by the City effective January 1, 2013 pursuant to State Assembly Bill 340. Membership of the Miscellaneous Plan consists of 444 retirees and beneficiaries currently receiving benefits, 263 retirees and beneficiaries entitled to, but not yet, receiving benefits, and 320 active plan members. All tiers of the Miscellaneous plans were reported together in the census data reported by CalPERS. The Safety Police Plan data was not prepared by CalPERS.

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 the 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 City must contribute these amounts. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the year ended June 30, 2019, the City's contributions to the plans were \$8,713,977 and \$4,324,451 to the Miscellaneous and Safety police plan, respectively. All tiers of the Miscellaneous and Safety plans were combined together by CalPERS. All City employees pay the full CalPERS member contribution as provided for in the most recent labor contracts.

Benefits Provided. CalPERS provides service and disability retirement benefits, cost of living adjustments, and death benefits to plan members and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total credited service are eligible to retire at age 50 with statutorily reduced benefits. Members may apply for a non-duty disability retirement benefit after 5 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1959 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The provisions and benefits of each plan that were in effect at June 30, 2019, are summarized as follows:

	<u>Miscellaneous</u>	<u>Safety</u>
Benefit vesting schedule	5 years service	5 years service
Benefit payments	Monthly for life	Monthly for life
Minimum retirement age	50/52	50
Employees hired prior to December 30, 2012	Tier 1	Tier 1
Monthly benefits, as a % of salary	2.7% at 55	3% at 50
Required member contribution rates	8%	9%
% paid by employee	8%	9% ⁽¹⁾
% paid by employer	0%	0% ⁽¹⁾
Required employer contribution rates (normal cost)	10.664%	20.556%
Employer payment of unfunded liability	\$5,680,711 ⁽⁴⁾	\$2,052,369
Employees hired December 31, 2012	Tier 2	Tier 2
Monthly benefits, as a % of annual salary	2% at 60 ⁽²⁾	3% at 55 ⁽³⁾
Required member (employee) contribution rates	7%	9%
Required employer contribution rates (normal cost)	10.664%	17.614%
Employer payment of unfunded liability	--	\$1,236
Employees hired after December 31, 2012	Tier 3	Tier 3
Monthly benefits, as a % of annual salary	2% at 62 ⁽²⁾	2.7% at 57 ⁽³⁾
Required member (employee) contribution rates	6.25%	12.0%
Required employer contribution rates (normal cost)	10.664%	12.141%
Employer payment of unfunded liability	--	\$1,149

(1) Rates presented in the table above were effective 7/1/2016.

(2) Newly hired Misc. Employees will be enrolled in the 2% at 60 or 2% at 62 formula, dependent on the individual's eligibility, as per AB340.

(3) Newly hired Safety Employees will be enrolled in the 3% at 55 or 2.7% at 57 formula, dependent on the individual's eligibility, as per AB340.

(4) Balance mentioned above is a combined amount for all Miscellaneous plans. As a percentage of projected payroll, the UAL contribution for fiscal year 2018-19 is 19.843% for an estimated total employer contribution rate of 30.507%.

Source: City of Livermore Comprehensive Annual Financial Report.

Actuarial Assumptions and Other Inputs. The City's total pension liabilities in the June 30, 2019 actuarial valuations were determined using the following actuarial assumptions and were measured as of June 30, 2018 and determined by an actuarial valuation as of July 30, 2017 using the following actuarial assumptions: discount rate 7.15%, inflation 2.75%, payroll growth 3.00%, projected salary increase 3.2%-12.2%, depending on age, service, and type of employment, investment rate of return 7.5%, net of pension plan investment expenses, including inflation, and mortality 36.1 to 17.0, which represents life expectancy over the age ranging from 50 to 70 years and was based on the CalPERS Experience Study, recipients with attained age of 50. The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2017 valuation were based on the results of the 2014 CalPERS Experience Study for the period 1997 to 2011. Further details of the Experience Study can be found on the CalPERS website.

Discount Rate. The discount rate used to measure the total pension liability was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

Pension Liability. The following tables show the development of accrued and unfunded liabilities and the normal cost rate and the unfunded accrued liability for the City's plans, as projected at June 30, 2018.

**DEVELOPMENT OF ACCRUED AND UNFUNDED LIABILITIES
CITY OF LIVERMORE**

	Miscellaneous Plans	Safety Plan - Tier 1	Safety Plan - Tier 2	Safety Plan - Tier 3
1. Entry Age Normal Accrued Liability				
a) Active Members	\$117,703,795	\$50,451,794	\$2,083,075	\$495,101
b) Transferred Members	15,524,389	1,836,588	16,316	5,212
c) Terminated Members	3,950,330	1,216,520	0	43,713
d) Members and Beneficiaries Receiving Payments	160,276,479	102,798,798	0	0
e) Total	\$297,454,993	\$156,303,700	\$2,099,391	\$544,026
2. Market Value of Assets (MVA)	\$207,333,928	\$112,744,448	\$1,955,751	\$497,880
3. Unfunded Accrued Liability (UAL) [(1e) - (2)]	\$90,121,065	\$43,559,252	\$143,640	\$46,146
4. Funded Ratio [(2) / (1e)]	69.70%	72.13%	93.16%	91.52%

**NORMAL COST RATE AND UAL PAYMENTS FOR CALPERS PLANS
CITY OF LIVERMORE**

Plan	Contribution	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
Miscellaneous	Normal Cost Rate	11.35%	12.20%	12.20%	12.20%	12.20%	12.20%	13.20%
	UAL Payment	\$6,546,881	\$7,195,000	\$7,985,000	\$8,620,000	\$7,667,000	\$8,066,000	\$8,485,764
Safety Plan Tier 1	Normal Cost Rate	21.93%	23.30%	23.30%	23.30%	23.30%	23.30%	25.30%
	UAL Payment	\$2,541,936	\$2,899,000	\$3,318,000	\$3,664,000	\$3,871,000	\$4,078,000	\$4,296,069
Safety Plan Tier 2	Normal Cost Rate	18.93%	20.10%	20.10%	20.10%	20.10%	20.10%	21.00%
	UAL Payment	\$3,432	\$7,400	\$12,000	\$16,000	\$19,000	\$22,000	\$25,474
Safety Plan Tier 3	Normal Cost Rate	13.03%	13.10%	13.10%	13.10%	13.10%	13.10%	14.10%
	UAL Payment	\$1,904	\$3,200	\$4,600	\$5,200	\$6,300	\$7,000	\$778
TOTAL UAL								

Safety Police Cost-Sharing Multiple-Employer Defined Benefit Plan. As of June 30, 2019, the City reported net pension liabilities for its proportionate share of the net pension liability of the Safety Police Plan to be \$38,785,811. The City's net pension liability for the Plans is measured as the proportionate share of the net pension liability. The net pension liability of the Plans are measured as of June 30, 2018, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017 rolled forward to June 30, 2018 using standard update procedures. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The City's proportionate share of the net pension liability for the Plan as of the measurements dates of June 30, 2017 and 2018 was as follows:

	<u>Safety Police⁽¹⁾</u>
Proportion- June 30, 2017	0.64020%
Proportion- June 30, 2018	0.66102
Change-Increase (decrease)	0.02082

(1) All tiers of the Safety plan were combined together on the GASB 68 report by CalPERS.

Source: City of Livermore Comprehensive Annual Financial Report.

Pension Plans Fiduciary Net Position. Detailed information about the Plans' fiduciary net positions are available in the separately issued CalPERS financial reports.

Recent Actions Taken by CalPERS. At its April 17, 2013, meeting, CalPERS' Board of Administration (the "**Board of Administration**") approved a recommendation to change the CalPERS amortization and smoothing policies. Prior to this change, CalPERS employed an amortization and smoothing policy that spread investment returns over a 15-year period with experience gains and losses paid for over a rolling 30-year period. After this change, CalPERS will employ an amortization and smoothing policy that will pay for all gains and losses over a 20-year period with a five-year ramp-up, and five-year ramp-down, period. The new amortization and smoothing policy was used for the first time in the June 30, 2013, actuarial valuations in setting employer contribution rates for fiscal year 2015-16.

On February 18, 2014, the Board of Administration approved new demographic actuarial assumptions based on a 2013 study of recent experience. The largest impact, applying to all benefit groups, is a new 20-year mortality projection reflecting longer life expectancies and that longevity will continue to increase. Because retirement benefits will be paid out for more years, the cost of those benefits will increase as a result. The Board of Administration also assumed earlier retirements for Police 3%@50, Fire 3%@55, and Miscellaneous 2.7%@55 and 3%@60, which will increase costs for those groups. As a result of these changes, rates will increase beginning in fiscal year 2016-17 (based on the June 30, 2014 valuation) with full impact in fiscal year 2020-21.

On November 18, 2015, the Board of Administration adopted a funding risk mitigation policy intended to incrementally lower its discount rate – its assumed rate of investment return – in years of good investment returns, help pay down the pension fund's unfunded liability, and provide greater predictability and less volatility in contribution rates for employers. The policy establishes a mechanism to reduce the discount rate by a minimum of 0.05 percentage points to a maximum of 0.25 percentage points in years when investment returns outperform the existing discount rate, currently 7.5%, by at least four percentage points. CalPERS staff modeling anticipates the policy will result in a lowering of the discount rate to 6.5% in about 21 years, improve funding levels gradually over time and cut risk in the pension system by lowering the volatility of investment returns. More information about the funding risk mitigation policy can be

accessed through CalPERS' web site at the following website address: <https://www.calpers.ca.gov/page/newsroom/calpers-news/2015/adopts-funding-risk-mitigation-policy>. *The reference to this Internet website is provided for reference and convenience only. The information contained within the website may not be current, has not been reviewed by the City and is not incorporated in this Official Statement by reference.*

On December 21, 2016, the CalPERS Board voted to lower its discount rate from the current 7.5% to 7.0% over the next three years according to the following schedule.

<u>Fiscal Year</u>	<u>Discount Rate</u>
2017-18	7.375%
2018-19	7.250
2019-20	7.000

For public agencies like the City, the new discount rate took effect July 1, 2018. Lowering the discount rate means employers that contract with CalPERS to administer their pension plans will see increases in their normal costs and unfunded actuarial liabilities. Active members hired after January 1, 2013, under the Public Employees' Pension Reform Act will also see their contribution rates rise. The three-year reduction of the discount rate will result in average employer rate increases of about 1 percent to 3 percent of normal cost as a percent of payroll for most miscellaneous retirement plans, and a 2 percent to 5 percent increase for most safety plans. Additionally, many CalPERS employers will see a 30 to 40 percent increase in their current unfunded accrued liability payments. These payments are made to amortize unfunded liabilities over 20 years to bring the pension fund to a fully funded status over the long-term.

For more information regarding the City's Plans and assumptions used in its most recent actuarial study, see Note 10 of Appendix C to the Official Statement.

Other Post-Employment Benefits ("OPEB")

Description of Postretirement Healthcare Benefits (OPEB). The City has two types of retirement health benefits as determined by City Council resolution and through agreements with its labor units. One plan is a Defined Benefit Plan (Other Post Employment Benefit , or "OPEB") which provides health care benefits for retired employees under third party insurance plans. The second plan is a Defined Contribution Plan in which the City contributes a fixed amount to a retirement health savings account on behalf of employees who are not eligible for OPEB. The City's Defined Benefit OPEB plan is closed to new entrants; all new employees are enrolled into the City's Defined Contribution plan.

As of June 30, 2019, a total of 284 retirees were eligible to receive post-employment benefits. In addition, 216 current employees qualify to receive post-employment benefits if they retire from the City.

The City's Comprehensive Annual Financial Report for the fiscal year ended June 30, 2019, and in particular Note 10 thereto, includes information about the City's postemployment eligibility and retiree contribution requirements.

Funding Policy and Actuarial Assumptions. The actuarially determined contribution ("ADC") to the OPEB plan was determined as part of a June 30, 2018 actuarial valuation using the entry age normal actuarial cost method. This is a projected benefit cost method, which takes into account those benefits that are expected to be earned in the future as well as those already accrued. The actuarial assumptions included (a) 6.5% investment rate of return, (b) 3.0%

projected annual salary increase, and (c) 2.75% general inflation rate and (d) health inflation decreases ranging from 4.0%-6.5%. The actuarial methods and assumptions used include techniques that smooth the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Actuarial calculations reflect a long-term perspective and actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to revision at least biannually as results are compared to past expectations and new estimates are made about the future.

In accordance with the City's budget, the ADC is to be funded throughout the year as a percentage of payroll. During fiscal year ended June 30, 2010, the City joined the Public Agencies Post-Retirement Health Care Plan, a multiple employer trust administered by Public Agency Retirement Services ("**PARS**"). At June 30, 2019, the City contributed \$1,996,476 to an irrevocable trust administered by PARS, managed by an appointed board not under the control of City Council. This trust is not considered a component unit by the City and has been excluded from these financial statements. Separately issued financial statements for PARS may be obtained from PARS at 4350 Von Karman Ave., Suite 200, Newport Beach, CA 92660.

OPEB Trust Fund. The City is the plan administrator and PARS administers the trust for the City's retiree healthcare benefit plan – a single-employer defined benefit OPEB plan that provides healthcare benefits for eligible general and public safety employees of the City. Membership of the Plan consists of 273 retirees and beneficiaries currently receiving benefits, 11 terminated plan members entitled to but not yet receiving benefits, and 216 active plan members. Post-employment healthcare and similar benefit allowances are provided to eligible employees who retire from the City or to their surviving spouses. PARS establishes rates for each employer based on an actuarially determined rate for each employer. For the year ended June 30, 2019, the City's average contribution rate was 18.9 percent of covered-employee payroll. Plan members are not required to contribute to the plan. For the year ended June 30, 2019, the City contributed \$5,380,000 in relation to the actuarially determined contribution.

OPEB Trust Fund Investment Information. PARS offers different investment portfolios as part of the investment vehicle. The City invests in "Capital Appreciation" portfolio; the primary goal of the Capital Appreciation objective is growth of principal. The major portions of the assets are invested in the equity securities and market fluctuations are expected. The portfolio is constructed to control risk through four layers of diversification – asset classes (cash, fixed income, equity), investment styles (large cap, small cap, international, value, growth), managers and securities. Disciplined mutual fund selections and monitoring helps to drive return potential while reducing portfolio risk. As of June 30, 2019, the City OPEB Trust Fund did not have investments in any one organization exceeding 5% of the City's investments. For the year ended June 30, 2019, the annual money-weighted rate of return on investments, net of investment expense, was 6.55%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

OPEB Trust Fund Total Liability. The changes in the OPEB liability are as follows:

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (Asset)
Balance at June 30, 2018	\$74,561,343	\$26,289,470	\$48,271,873
Changes in the Year:			
Service Cost	1,404,890	--	1,404,890
Interest on total pension liability	4,827,840	--	4,827,840
Changes of assumptions	4,311,034	--	4,311,034
Difference between expected and actual	(5,282,915)	--	(5,282,915)
Contribution – Employer	--	5,380,000	(5,380,000)
Contribution – Employees	--	--	--
Net investment income	--	1,855,034	(1,855,034)
Benefit payments	(3,383,525)	(3,383,525)	--
Administrative expenses	--	(111,259)	111,259
Net Changes	1,877,324	3,740,250	(1,862,926)
Balance at June 30, 2019	\$76,438,667	\$30,029,720	\$46,408,947

OPEB Trust Fund Actuarial Methods and Assumptions. The City’s OPEB liability of was measured as of June 30, 2019 and was determined by an actuarial valuation as of June 30, 2018 using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified: discount rate 6.5%, crossover analysis showed benefit payments always fully funded by plan assets, inflation 2.75%, salary increases 3.00%, investment rate of return 6.5%, net of OPEB plan investment expense, and with City contributions expected to keep sufficient plan assets to pay all benefit from trust, and mortality 33.5 to 17.0, represents life expectancy over the age ranging from 50 to 70 years. Assumptions include 20years of mortality improvement and projected fully generation with scale MP-16. The mortality rate is based on the 2017 CalPERS Experience Study, recipients with an attained age of 50.

OPEB Trust Fund Discount Rate. The discount rates used to measure the total OPEB liability were 6.5% as of June 30, 2019. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

OPEB Trust Fund Expense. For the year ended June 30, 2019, the City recognized OPEB Expense of \$4,194,623.

For more information regarding the City’s OPEB and assumptions used in its most recent actuarial study, see Note 11 of the City’s audited financial statements, attached as Appendix C to the Official Statement.

City Investment Policy and Portfolio

The City follows the practice of pooling cash and investments of all funds, except for funds required to be held by outside fiscal agents under the provisions of bond indentures and deferred compensation plan agreements. Under provisions of the City’s investment policy and in accordance with California Government Code Section 53601, the City, subject to certain limits, may invest in the following types of investments: securities of the U.S. government, its agencies and instrumentalities; insured or collateralized certificates of deposit (or time deposits); negotiable certificates of deposit; bankers’ acceptances; commercial paper of “prime” quality; Local Agency Investment Fund (a State Treasurer’s pool) demand deposits; California State or local agency obligations; passbook savings account demand deposits; repurchase agreements with a maturity no greater than one year; reverse repurchase agreements with a maturity no greater than 92

days; mutual funds registered with the SEC which invest in securities authorized by law; medium-term corporate notes; and certain pass-through securities with a minimum term of five years.

At June 30, 2019, the City had no investments in repurchase agreements. In addition, at no time during the fiscal year did the City borrow funds through the use of reverse repurchase agreements, even though such transactions are authorized by the City's investment policy. Investments at June 30, 2019 in all funds, exclusive of funds held by trustees, were as follows:

Type	City of Livermore Investment Portfolio Book Value as of June 30, 2019
U.S. Govt-Sponsored Enterprise	\$125,114,128
Callable	68,661,872
Non-Callable	49,391,528
California Local Agency Investment Fund	30,265,429
Money Market Mutual Funds - Sweep Account	19,644,867
Negotiable Certificates of Deposit	8,595,933
Medium Term Corporate Notes	63,569,324
Municipal Bonds	964,537
Total Investments	\$366,207,618
Cash Equivalent (Overdraft)	(3,470,483)
Total Cash and Investments	\$362,737,135

See also "Note 3" to the City's financial statements attached as APPENDIX C for further discussion of City investments.

Population

The following table lists population estimates for the City, the County and the State for the last five calendar years, as of January 1, 2020.

CITY OF LIVERMORE, ALAMEDA COUNTY AND STATE OF CALIFORNIA Population Estimates Calendar Years 2016 through 2020, as of January 1

Year (January 1)	City of Livermore	Alameda County	State of California
2016	88,894	1,632,599	39,131,307
2017	90,212	1,646,711	39,398,702
2018	90,946	1,655,306	39,586,646
2019	91,436	1,664,783	39,695,376
2020	91,861	1,670,834	39,782,870

Source: California State Department of Finance.

Employment and Industry

The City is included in the Oakland-Hayward-Berkeley Metropolitan Division (“MD”). The unemployment rate in the Oakland-Hayward-Berkeley MD was 14.2% in April 2020, up from a revised 4.0% in March 2020, and above the year-ago estimate of 2.7%. This compares with an unadjusted unemployment rate of 16.1% for California and 14.4% for the nation during the same period. The unemployment rate was 14.1% in Alameda County, and 14.5% in Contra Costa County. See “RISK FACTORS – Infectious Disease Outbreak and COVID-19 Global Pandemic” in this Official Statement.

The table below list employment by industry group for Alameda and Contra Costa Counties for the years 2015 to 2019.

**OAKLAND-HAYWARD-BERKELEY MD
(Alameda and Contra Costa Counties)
Annual Averages Civilian Labor Force, Employment and Unemployment,
Employment by Industry
(March 2019 Benchmark)**

	2015	2016	2017	2018	2019
Civilian Labor Force ⁽¹⁾	1,363,500	1,384,900	1,397,800	1,403,300	1,406,100
Employment	1,297,300	1,324,400	1,345,500	1,359,400	1,364,200
Unemployment	66,200	60,400	52,300	43,900	41,900
Unemployment Rate	4.9%	4.4%	3.7%	3.1%	3.0%
<u>Wage and Salary Employment ⁽²⁾</u>					
Agriculture	1,200	1,300	1,400	1,300	1,400
Mining and Logging	300	300	200	200	200
Construction	62,800	67,900	71,200	74,900	75,600
Manufacturing	88,100	91,000	95,500	100,400	99,600
Wholesale Trade	47,000	48,100	48,700	47,500	45,600
Retail Trade	111,800	113,400	114,400	114,400	112,100
Transportation, Warehousing and Utilities	37,500	39,200	40,500	41,900	42,900
Information	25,300	26,700	27,100	27,800	27,900
Financial Activities	54,200	55,700	56,100	55,000	55,100
Professional and Business Services	177,200	180,900	184,300	189,300	191,900
Educational and Health Services	178,600	185,900	191,500	194,300	197,700
Leisure and Hospitality	106,600	111,700	114,900	117,700	120,100
Other Services	38,100	39,100	40,200	41,000	41,300
Federal Government	13,800	13,900	13,800	13,400	13,400
State Government	39,900	39,700	39,300	39,400	39,600
Local Government	115,600	119,800	121,500	121,800	122,100
Total, All Industries ⁽³⁾	1,098,000	1,134,600	1,160,600	1,180,400	1,186,700

(1) Labor force data is by place of residence; includes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.

(2) Industry employment is by place of work; excludes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.

(3) Totals may not add due to rounding.

Source: State of California Employment Development Department.

Principal Employers

The following table shows the principal employers in the City, as shown in the City's Comprehensive Annual Financial Report for fiscal year ending June 30, 2019

CITY OF LIVERMORE Principal Employers As of June 2019

Employer	Number of Employees	Percentage of Total City Employment
Lawrence Livermore National Laboratory	7,300	15.41%
Sandia National Laboratories	1,550	3.27
Livermore Valley Joint Unified School District	1,450	3.06
Gillig	980	2.07
Kaiser Permanente	920	1.94
Lam Research	730	1.54
Form Factor	700	1.48
US Foods	699	1.48
Comcast	589	1.24
Wente	550	1.16

Source: City of Livermore Comprehensive Annual Financial Report for the year ending June 30, 2019.

Effective Buying Income

“Effective Buying Income” is defined as personal income less personal tax and nontax payments, a number often referred to as “disposable” or “after-tax” income. Personal income is the aggregate of wages and salaries, other labor-related income (such as employer contributions to private pension funds), proprietor’s income, rental income (which includes imputed rental income of owner-occupants of non-farm dwellings), dividends paid by corporations, interest income from all sources, and transfer payments (such as pensions and welfare assistance). Deducted from this total are personal taxes (federal, state and local), nontax payments (fines, fees, penalties, etc.) and personal contributions to social insurance. According to U.S. government definitions, the resultant figure is commonly known as “disposable personal income.”

The following table summarizes the median household effective buying income for the City, the County, the State and the United States for the period 2016 through 2020.

**CITY OF LIVERMORE, ALAMEDA COUNTY, THE STATE OF CALIFORNIA
AND THE UNITED STATES
Effective Buying Income and Median Household
As of January 1, 2016 through 2020**

Year	Area	Total Effective Buying Income (000's Omitted)	Median Household Effective Buying Income
2016	City of Livermore	\$3,488,085	\$84,355
	Alameda County	52,448,661	64,030
	California	981,231,666	53,589
	United States	7,757,960,399	46,738
2017	City of Livermore	\$3,666,581	\$85,784
	Alameda County	56,091,066	67,631
	California	1,036,142,723	55,681
	United States	8,132,748,136	48,043
2018	City of Livermore	\$4,085,174	\$92,270
	Alameda County	61,987,949	73,633
	California	1,113,648,181	59,646
	United States	8,640,770,229	50,735
2019	City of Livermore	\$4,390,474	\$97,232
	Alameda County	67,609,653	79,446
	California	1,183,264,399	62,637
	United States	9,017,967,563	52,841
2020	City of Livermore	\$4,616,994	\$102,432
	Alameda County	72,243,436	84,435
	California	1,243,564,816	65,870
	United States	9,487,165,436	55,303

Source: The Nielsen Company (US), Inc for years 2016 through 2018; Claritas, LLC for 2019 and 2020.

Construction Activity

The following tables show a five-year summary of the valuation of building permits issued in the City and the County.

CITY OF LIVERMORE Total Building Permit Valuations (Valuations in Thousands)

	2015	2016	2017	2018	2019
<u>Permit Valuation</u>					
New Single-family	\$75,992.9	\$61,779.4	\$48,846.5	\$35,068.3	\$18,587.7
New Multi-family	24,096.1	38,314.6	40,255.5	28,068.7	42,645.5
Res. Alterations/Additions	<u>18,024.3</u>	<u>19,149.0</u>	<u>21,902.6</u>	<u>21,382.3</u>	<u>20,828.8</u>
Total Residential	118,113.3	119,243	111,004.60	84,519.3	82,062.0
New Commercial	49,915.1	12,641.3	28,710.5	46,603.7	27,492.0
New Industrial	51,350.9	0.0	4,630.4	0.0	5,288.4
New Other	9,224.2	10,951.5	5,315.4	11,055.3	12,277.4
Com. Alterations/Additions	<u>43,503.3</u>	<u>27,865.5</u>	<u>47,239.0</u>	<u>24,031.3</u>	<u>31,963.5</u>
Total Nonresidential	153,993.5	51,458.3	85,895.3	81,690.3	77,021.3
<u>New Dwelling Units</u>					
Single Family	299	270	192	116	74
Multiple Family	<u>102</u>	<u>276</u>	<u>188</u>	<u>202</u>	<u>249</u>
TOTAL	401	546	380	318	323

Source: Construction Industry Research Board, Building Permit Summary.

ALAMEDA COUNTY Total Building Permit Valuations (Valuations in Thousands)

	2015	2016	2017	2018	2019
<u>Permit Valuation</u>					
New Single-family	\$576,948.5	\$791,891.2	\$763,677.9	\$689,530.0	\$675,129.8
New Multi-family	456,361.4	497,341.3	1,307,094.0	1,431,985.0	782,536.4
Res. Alterations/Additions	<u>344,975.9</u>	<u>466,239.3</u>	<u>501,276.2</u>	<u>469,158.5</u>	<u>512,409.9</u>
Total Residential	1,378,285.8	1,755,471.8	2,572,048.1	2,590,673.5	1,970,076.1
New Commercial	187,303.4	444,307.9	582,896.6	551,547.4	596,865.5
New Industrial	92,470.2	53,242.1	26,703.6	302,121.2	5,638.5
New Other	193,029.9	87,213.3	148,820.3	89,686.1	992,668.1
Com. Alterations/Additions	<u>673,633.6</u>	<u>775,031.8</u>	<u>829,413.8</u>	<u>819,040.7</u>	<u>199,753.3</u>
Total Nonresidential	1,146,437.1	1,359,795.1	1,587,834.3	1,762,395.4	1,794,925.4
<u>New Dwelling Units</u>					
Single Family	1,671	2,348	2,175	1,867	1,871
Multiple Family	<u>3,370</u>	<u>3,171</u>	<u>6,889</u>	<u>6,540</u>	<u>4,145</u>
TOTAL	5,041	5,519	9,064	8,407	6,016

Source: Construction Industry Research Board, Building Permit Summary.

Transportation

Interstate Highway 580 (east-west), Interstate Highway 680 (north-south) and Highway 61 provide access to the nearby cities of Oakland, San Francisco, Sacramento, San Jose, and the Central Valley.

The City is located 28 miles from the Oakland International Airport, 29 miles from San Jose Municipal Airport and 46 miles from San Francisco International Airport. The Port of Oakland and the Port of San Francisco are also located 30 miles and 43 miles from the City, respectively. 9 miles to the Dublin/Pleasanton Bay Area Rapid Transit (BART) station. The BART station in the city connects the City with San Francisco and cities in four county areas.

APPENDIX B

SUMMARY OF PRINCIPAL LEGAL DOCUMENTS

The following is a brief summary of certain provisions of the Lease Agreement, the Site Lease, the Assignment Agreement and the Trust Agreement prepared for Certificates. Such summary is not intended to be definitive. Reference is directed to said documents for the complete provisions thereof. Copies of said documents are available from the City and from the Trustee.

DEFINITIONS

"*Assignment Agreement*" means the Assignment Agreement, dated as of June 1, 2020, by and between the Corporation and the Trustee, together with any duly authorized and executed amendments thereto.

"*Business Day*" means a day which is not a Saturday, Sunday or legal holiday on which banking institutions in the state in which the Principal Corporate Trust Office of the Trustee is located are closed or are required to close or a day on which the New York Stock Exchange is closed.

"*Certificates*" means, collectively, the 2020A Certificates and the 2020B Certificates.

"*City*" means the City of Livermore, a municipal corporation and general law city organized and existing under the laws of the State.

"*City Representative*" means the Mayor, the City Manager, the Director of Administrative Services of the City, or the designee of any such official, or any other person authorized to act on behalf of the City under or with respect to the Trust Agreement, the Lease Agreement, the Site Lease, the 2011 Escrow Agreement and the 2014 Reimbursement Instructions, and identified as such to the Trustee in writing.

"*Closing Date*" means the date upon which there is a physical delivery of the Certificates in exchange for the amount representing the purchase price of the Certificates by the Original Purchaser.

"*Code*" means the Internal Revenue Code of 1986 as in effect on the Closing Date or (except as otherwise referenced in the Lease Agreement or the Trust Agreement) as it may be amended to apply to obligations issued on the Closing Date, together with applicable temporary and final regulations promulgated under the Code.

"*Corporation*" means the Public Property Financing Corporation of California, a nonprofit public benefit corporation, organized and existing under the laws of the State.

"*Corporation Representative*" means the President, Treasurer or Secretary of the Corporation, or the designee of any such official, or any other person authorized to act on behalf of the Corporation under or with respect to the Trust Agreement, the Lease Agreement and the Site Lease, and identified as such to the Trustee in writing.

"County" means the County of Alameda, a county duly organized and existing under the Constitution and laws of the State.

"*Defeasance Obligations*" means (a) cash, or (b) non-callable Federal Securities.

"*Delivery Costs*" means all items of expense directly or indirectly payable by or reimbursable to the City or the Corporation relating to the execution and delivery of the Lease Agreement, the Trust Agreement and the Assignment Agreement or the execution, sale and delivery of the Certificates, including but not limited to filing and recording costs, settlement costs, printing costs, reproduction and binding costs, costs for statistical data, initial fees and charges of the Trustee (including the fees and expenses of its counsel), financing discounts, legal fees and charges, insurance fees and charges (including title insurance), financial and other professional consultant fees, costs of rating agencies for credit ratings, fees for execution, transportation and safekeeping of the Certificates and charges and fees in connection with the foregoing.

"*Escrow Fund*" means the fund of that name established and held under the 2011 Escrow Agreement.

"*Event of Default*" means an event of default under the Lease Agreement, as defined in Section 9.1 thereof.

"*Facilities*" means those certain facilities located on the Site as of the Closing Date, and more particularly described in Exhibit B to the Lease Agreement.

"*Fair Market Value*" means the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm's length transaction (determined as of the date the contract to purchase or sell the investment becomes binding) if the investment is traded on an established securities market (within the meaning of section 1273 of the Code) and, otherwise, the term "fair market value" means the acquisition price in a bona fide arm's length transaction (as referenced above) if (a) the investment is a certificate of deposit that is acquired in accordance with applicable regulations under the Code, (b) the investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate (for example, a guaranteed investment contract, a forward supply contract or other investment agreement) that is acquired in accordance with applicable regulations under the Code, (c) the investment is a United States Treasury Security—State and Local Government Series, that is acquired in accordance with applicable regulations of the United States Bureau of Public Debt, or (d) the investment is the Local Agency Investment Fund of the State but only if at all times during which the investment is held its yield is reasonably expected to be equal to or greater than the yield on a reasonably comparable direct obligation of the United States.

"*Federal Securities*" means direct general obligations of the United States of America (including obligations issued or held in book entry form on the books of the Department of the Treasury) or obligations the payment of principal of and interest on which are unconditionally guaranteed by, the United States of America.

"*Fiscal Year*" means the twelve-month period beginning on July 1 of any year and ending on June 30 of the next succeeding year, or any other twelve-month period selected by the City as its fiscal year.

"*Independent Counsel*" means an attorney duly admitted to the practice of law before the highest court of the state in which such attorney maintains an office and who is not an employee of the Corporation, the Trustee or the City.

"*Insurance and Condemnation Fund*" means the fund by that name established and held by the Trustee pursuant to Section 7.01 of the Trust Agreement.

"*Interest Payment Date*" means April 1 and October 1, commencing October 1, 2020, so long as any Certificates are Outstanding.

"*Lease Agreement*" means that certain agreement for the lease of the Leased Property by the Corporation, as lessor, to the City, as lessee, dated as of June 1, 2020, together with any duly authorized and executed amendments thereto.

"*Lease Payment Date*" means the March 15 and September 15 in each year during the Term of the Lease Agreement, commencing September 15, 2020.

"*Lease Payment Fund*" means the fund by that name established and held by the Trustee pursuant to Section 5.02 of the Trust Agreement.

"*Lease Payments*" means, collectively, the 2020A Lease Payments and the 2020B Lease Payments.

"*Leased Property*" means, collectively, the Site and the improvements thereon.

"*Moody's*" means Moody's Investors Service, New York, New York, or its successors.

"*Net Proceeds*," when used with respect to insurance or condemnation proceeds, means any insurance proceeds or condemnation award paid with respect to the Leased Property, to the extent remaining after payment therefrom of all expenses incurred in the collection thereof.

"*Original Purchaser*" means the first purchaser of the Certificates upon their delivery by the Trustee on the Closing Date.

"*Outstanding*", when used as of any particular time with respect to Certificates, means (subject to the provisions of Section 10.03 of the Trust Agreement) all Certificates theretofore executed and delivered by the Trustee under the Trust Agreement except -

(a) Certificates theretofore canceled by the Trustee or surrendered to the Trustee for cancellation;

(b) Certificates for the payment or prepayment of which funds or Defeasance Obligations in the necessary amount shall have theretofore been deposited with the Trustee or an escrow holder (whether upon or prior to the maturity or prepayment date of such Certificates), provided that, if such Certificates are to be redeemed prior to maturity, notice of such prepayment shall have been given as provided in Section 4.03 of the Trust Agreement or provision satisfactory to the Trustee shall have been made for the giving of such notice; and

(c) Certificates in lieu of or in exchange for which other Certificates shall have been executed and delivered by the Trustee pursuant to Section 2.09 of the Trust Agreement.

"Owner" or "Certificate Owner" or "Owner of a Certificate", or any similar term, when used with respect to a Certificate means the person in whose name such Certificate shall be registered on the Registration Books.

"Participating Underwriter" shall have the meaning ascribed thereto in the Continuing Disclosure Certificate.

"Permitted Encumbrances" means, as of any particular time: (i) liens for general ad valorem taxes and assessments, if any, not then delinquent; (ii) the Assignment Agreement; (iii), the Site Lease and the Lease Agreement; (iv) the Trust Agreement; (v) any encumbrances described in the insurance policy issued by Stewart Title Guaranty in connection with the execution and delivery of the 2020 Certificates; (vi) any right or claim of any mechanic, laborer, materialman, supplier or vendor not filed or perfected in the manner prescribed by law; (vii) easements, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions which exist of record as of the date on which the Certificates are delivered to the purchasers thereof and which the City certifies in writing will not materially impair the use of the Leased Property; and (viii) easements, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions established following the date of recordation of this Site Lease and to which the Corporation and the City consent in writing.

"Permitted Investments" means any of the following investments which are authorized under the laws of the State of California for investment of the funds proposed to be invested therein:

(a) Federal Securities;

(b) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies and provided such obligations are backed by the full faith and credit of the United States of America (stripped securities are only permitted if they have been stripped by the agency itself): (i) certificates of beneficial ownership of the Farmers Home Administration; (ii) Federal Housing Administration debentures; (iii) participation certificates of the General Services Administration; (iv) guaranteed mortgage-backed bonds or guaranteed pass-through obligations of the Government National Mortgage Association; (v) guaranteed Title XI financings of the U.S. Maritime Administration; and (vi) project notes, local authority bonds, new communities debentures and U.S. public housing notes and bonds of the U.S. Department of Housing and Urban Development;

(c) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following non-full faith and credit U.S. government agencies (stripped securities only as stripped by the agency itself): (i) senior debt obligations of the Federal Home Loan Bank System; (ii) participation certificates and senior debt obligations of the Federal Home Loan Mortgage Corporation; (iii) mortgaged-backed securities and senior debt obligations of the Federal National Mortgage Association; (iv) senior debt obligations of the Student Loan Marketing Association; (v) obligations of the Resolution Funding Corporation; and (vi) consolidated system-wide bonds and notes of the Farm Credit System.

(d) Money market funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities

Act of 1933, and having a rating by S&P of at least AAAM-G, AAAM or AAM, or a rating by Moody's of Aaa, Aa1 or Aa2 (such funds may include funds for which the Trustee, its affiliates, parent or subsidiaries provide investment advisory or other management services);

(e) Certificates of deposit (including those of the Trustee, its parent and its affiliates) secured at all times by collateral described in (a) or (b) above, which have a maturity not greater than one year from the date of investment and which are issued by commercial banks, savings and loan associations or mutual savings banks, which collateral must be held by a third party and provided that the Trustee must have a perfected first security interest in such collateral;

(f) Certificates of deposit, savings accounts, deposit accounts or money market deposits (including those of the Trustee and its affiliates) which are fully insured by FDIC;

(g) Commercial paper rated, at the time of purchase, "Prime-1" by Moody's or "A-1" and better by S&P;

(h) Bonds or notes issued by any state or municipality which are rated by Moody's and S&P in one of the two highest rating categories assigned by such agencies;

(i) Federal funds or bankers acceptances with a maximum term of one year of any bank which an unsecured, uninsured and unguaranteed obligation rating of "Prime-1" or "A3" or better by Moody's and A-1+ by S&P; and

(k) Local Agency Investment Fund.

"Principal Corporate Trust Office" means the corporate trust office of the Trustee at One California Street, Suite 2550, San Francisco, California 94111, or such other or additional offices as may be specified to the City by the Trustee; provided that for transfer, exchange, payment, registration and surrender of Certificates, such term means in care of the corporate trust office of the Trustee at which such functions are performed, or such other office or agency specified by the Trustee.

"Proceeds," when used with reference to the Certificates, means the face amount of the Certificates, plus accrued interest and original issue premium, if any, less original issue discount, if any.

"Registration Books" means the records maintained by the Trustee pursuant to Section 2.12 of the Trust Agreement for registration of the ownership and transfer of ownership of the Certificates.

"Regular Record Date" means the close of business on the fifteenth (15th) day of the month preceding each Interest Payment Date, whether or not such fifteenth (15th) day is a Business Day.

"Rental Period" means each twelve-month period during the Term of the Lease Agreement commencing on October 2 in any year and ending on October 1 in the next succeeding year;

provided, however, that the first Rental Period shall commence on the Closing Date and shall end on October 1, 2020.

"S&P" means &P Global Ratings, or its successors.

"*Securities Depositories*" means DTC; and, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such other securities depositories as the City designates in written notice filed with the Trustee.

"*Site*" means that certain real property more particularly described in Exhibit A to the Lease Agreement.

"*State*" means the State of California.

"*Term of the Lease Agreement*" means the time during which the Lease Agreement is in effect, as provided in Section 4.2 of the Lease Agreement.

"*Trust Agreement*" means the Trust Agreement, dated as of June 1, 2020, by and among the City, the Corporation and the Trustee, together with any duly authorized amendments thereto.

"*Trustee*" means U.S. Bank National Association, or any successor thereto, acting as Trustee pursuant to the Trust Agreement.

"*2020A Certificates*" means the City of Livermore Refunding Certificates of Participation, Series 2020A (2014A Refunding) (Qualified 501(c)(3) Certificates), executed and delivered pursuant to the Trust Agreement and which evidence direct, undivided fractional Interests of the Owners thereof in the 2020A Lease Payments.

"*2020A Lease Payment Account*" means the account by that name established and held by the Trustee pursuant to Section 5.02 of the Trust Agreement.

"*2020A Lease Payments*" means the payments denominated the 2020A Lease Payments required to be paid by the City pursuant to Section 4.4 of the Lease Agreement, including any prepayment thereof pursuant to Article X of the Lease Agreement, which payments consist of an interest component and a principal component, as set forth in Schedule C-1 to Exhibit C to the Lease Agreement plus, in the case of prepayment, a prepayment premium, if any.

"*2020A Reimbursement Account*" means the account by that name established and held by the Trustee pursuant to Section 3.03 of the Trust Agreement.

"*2020B Certificates*" means the City of Livermore Refunding Certificates of Participation, Series 2020B, executed and delivered pursuant to the Trust Agreement and which evidence direct, undivided fractional Interests of the Owners thereof in the 2020B Lease Payments.

"*2020B Lease Payment Account*" means the account by that name established and held by the Trustee pursuant to Section 5.02 of the Trust Agreement.

"*2020B Lease Payments*" means the payments denominated the 2020B Lease Payments required to be paid by the City pursuant to Section 4.4 of the Lease Agreement, including any prepayment thereof pursuant to Article X of the Lease Agreement, which payments consist of an

interest component and a principal component, as set forth in Schedule C-2 to Exhibit C to the Lease Agreement plus, in the case of prepayment, a prepayment premium, if any.

TRUST AGREEMENT

The Trustee is appointed pursuant to the Trust Agreement to act as a depository of amounts held thereunder. The Trust Agreement authorizes the Trustee to prepare, execute and deliver the Certificates. Transfers of the Certificates are to be registered in a register maintained by the Trustee.

Funds

The Trust Agreement creates several funds to be maintained by the Trustee for the benefit of the Corporation and the City.

Delivery Costs Fund—A portion of the proceeds from the sale of the Certificates will be deposited with the Trustee in the 2020A Delivery Costs Account and the 2020B Delivery Costs Account within the Delivery Costs Fund, and shall be applied to pay costs of the execution, delivery and sale of the Certificates upon the instructions of a City Representative. Any funds remaining in such accounts after all such costs have been paid or will be transferred to the corresponding accounts within the Acquisition and Construction Fund.

The City covenants that no portion of the proceeds of the 2020A Certificates will be used for Delivery Costs of the 2020A Certificates in excess of an amount equal to 2% of the proceeds of the 2020A Certificates, within the meaning of section 147(g)(1) of the Code. For this purpose, if the fees of the Original Purchaser are retained as a discount on the purchase of the 2020A Certificates, such retention shall be deemed to be an expenditure of proceeds of the 2020A Certificates for said fees.

Lease Payment Fund—The Trustee will deposit in the 2020A Lease Payment Account all 2020A Lease Payments received by the Trustee and any other amounts required by the Lease Agreement or the Trust Agreement to be deposited therein. The Trustee will deposit in the 2020B Lease Payment Account all 2020B Lease Payments received by the Trustee and any other amounts required by the Lease Agreement or the Trust Agreement to be deposited therein. The Trustee will withdraw from the respective accounts within the Lease Payment Fund on each Interest Payment Date an amount equal to the Lease Payments due from the City on the Lease Payment Date preceding such Interest Payment Date for payment to the Owners of the Certificates.

All amounts in the 2020A Lease Payment Account shall be used and withdrawn by the Trustee solely for the purpose of paying the principal, interest and prepayment premiums (if any) with respect to the 2020A Certificates as the same shall become due and payable in accordance with the Trust Agreement.

All amounts in the 2020B Lease Payment Account shall be used and withdrawn by the Trustee solely for the purpose of paying the principal, interest and prepayment premiums (if any) with respect to the 2020B Certificates as the same shall become due and payable in accordance with the Trust Agreement.

Any surplus remaining in the Lease Payment Fund after prepayment and/or payment of all Certificates, including premiums and accrued interest (if any) and payment of any applicable fees and expenses to the Trustee, or provision for such prepayment or payment having been made to the satisfaction of the Trustee, shall be withdrawn by the Trustee and remitted to the City. The Trustee shall provide notice to the Corporation upon the payment in full of the Lease Agreement.

No Reserve Fund—The City and the Corporation shall not be required to establish or maintain a debt service reserve fund for the Certificates.

Insurance and Condemnation Fund—In the event the Trustee receives net proceeds of insurance in connection with damage or destruction of the Leased Property or net proceeds from eminent domain proceedings, such proceeds will be deposited in the Insurance and Condemnation Fund and will be applied by the Trustee as described below.

Application of Insurance, Title Insurance and Condemnation Award Proceeds

Application of Net Proceeds of Insurance Award.

(a) Any Net Proceeds of insurance against damage to or destruction of any part of the Leased Property collected by the City or the Corporation in the event of any such damage or destruction shall be paid to the Trustee by the City pursuant to the Lease Agreement and deposited by the Trustee promptly upon receipt thereof in the Insurance and Condemnation Fund.

(b) Within forty five (45) days following the date of such deposit, the City shall determine and notify the Trustee in writing of its determination either (i) that the replacement, repair, restoration, modification or improvement of the Leased Property is not economically feasible or in the best interest of the City, or (ii) that all or a portion of such Net Proceeds are to be applied to the prompt replacement, repair, restoration, modification or improvement of the damaged or destroyed portions of the Leased Property and that the New Proceeds, together with other available funds, will be sufficient to repair the Leased Property and that such repairs will be completed before the expiration of any rental interruption insurance provided pursuant to the Lease Agreement.

(c) In the event the City's determination is as set forth in clause (i) of paragraph (b) above, such Net Proceeds shall be promptly transferred by the Trustee to the respective accounts within the Lease Payment Fund, applied to the prepayment of Lease Payments pursuant to the Lease Agreement and applied to the prepayment of Certificates; provided, however, that in the event of damage or destruction of the Leased Property in full, such Net Proceeds may be transferred to the respective accounts within the Lease Payment Fund only if sufficient, together with other moneys available therefor, to cause the prepayment of the principal components of all unpaid Lease Payments; provided further, however, that in the event of damage or destruction of the Leased Property in part, such Net Proceeds may be transferred to the respective accounts within the Lease Payment Fund and applied to the prepayment of Lease Payments only if the resulting Lease Payments represent fair consideration for the remaining portions of the Leased Property, evidenced by a certificate signed by a City Representative and a Corporation Representative.

(d) In the event the City's determination is as set forth in clause (ii) of paragraph (b) above, Net Proceeds deposited in the Insurance and Condemnation Fund shall be applied to the prompt replacement, repair, restoration, modification or improvement of the damaged or destroyed portions of the Leased Property by the City, and disbursed by the Trustee upon receipt of

requisitions signed by a City Representative stating with respect to each payment to be made (i) the requisition number, (ii) the name and address of the person, firm or Corporation to whom payment is due, (iii) the amount to be paid and (iv) that each obligation mentioned therein has been properly incurred, is a proper charge against the Insurance and Condemnation Fund, has not been the basis of any previous withdrawal, and specifying in reasonable detail the nature of the obligation. The Trustee shall not be responsible for the representations made in such requisitions and may conclusively rely thereon. Any balance of the Net Proceeds remaining after such work has been completed shall be paid to the City.

Application of Net Proceeds of Eminent Domain Award. If all or any part of the Leased Property shall be taken by eminent domain proceedings (or sold to a government threatening to exercise the power of eminent domain) the Net Proceeds therefrom shall be deposited with the Trustee in the Insurance and Condemnation Fund pursuant to the Lease Agreement and shall be applied and disbursed by the Trustee as follows:

(a) If the City has given written notice to the Trustee of its determination that such eminent domain proceedings have not materially affected the operation of the Leased Property or the ability of the City to meet any of its obligations with respect to the Leased Property under the Lease Agreement, and that the resulting Lease Payments represent fair consideration for the remaining portions of the Leased Property, the City shall so certify to the Trustee and the Trustee, at the City's written request, shall transfer such proceeds to the 2020A Lease Payment Account and the 2020B Lease Payment Account, on a pro rata basis (based on the respective aggregate principal amounts of the 2020A Certificates and the 2020B Certificates at the time Outstanding), to be credited towards the prepayment of the Lease Payments pursuant to the Lease Agreement and applied to the prepayment of Certificates in the manner provided in the Trust Agreement.

(b) If (i) less than all of the Leased Property shall have been taken in such eminent domain proceedings or sold to a government threatening the use of eminent domain powers, and if the City has given written notice to the Trustee of its determination that such eminent domain proceedings have materially affected the operation of the Leased Property or the ability of the City to meet any of its obligations with respect to the Leased Property under the Lease Agreement or (ii) all of the Leased Property shall have been taken in such eminent domain proceedings, then the Trustee shall transfer such proceeds to the 2020A Lease Payment Account and the 2020B Lease Payment Account, on a pro rata basis (based on the respective aggregate principal amounts of the Tax Exempt Certificates and the 2020B Certificates at the time Outstanding), to be credited toward the prepayment of the Lease Payments pursuant to the Lease Agreement and applied to the prepayment of Certificates in the manner provided in the Trust Agreement.

(c) In making any such determination, the City may, but shall not be required to, obtain at its expense, the report of an independent engineer or other independent professional consultant, a copy of which shall be filed with the Trustee. Any such determination by the City shall be final.

Application of Net Proceeds of Title Insurance Award. The Net Proceeds from a title insurance award shall be deposited with the Trustee in the Insurance and Condemnation Fund pursuant to the Lease Agreement and shall be transferred to the respective accounts within the Lease Payment Fund to be credited towards the prepayment of Lease Payments required to be paid pursuant to the Lease Agreement and applied to the prepayment of Certificates.

Moneys in Funds; Investment of Moneys; Allocation of Earnings

Held in Trust. The moneys and investments held by the Trustee under the Trust Agreement are irrevocably held in trust for the benefit of the Owners of the Certificates and such moneys, and any income or interest earned thereon, shall be expended only as provided in the Trust Agreement and shall not be subject to levy, attachment or lien by or for the benefit of any creditor of the Corporation, the Trustee, the City or any Owner of Certificates.

Investments Authorized. Moneys held by the Trustee under the Trust Agreement shall, upon written order of a City Representative received by the Trustee at least two (2) Business Days prior to investment, be invested and reinvested by the Trustee in Permitted Investments. If a City Representative shall fail to so direct investments, the Trustee shall hold such moneys uninvested. Such

Accounting. The Trustee shall furnish to the City and the Corporation, at least monthly, an accounting which may be in the form of its customary accounting statements of all investments made by the Trustee. The Trustee shall not be responsible or liable for any loss suffered in connection with any investment of funds made by it in accordance with the Trust Agreement.

Allocation of Earnings. All interest or income received by the Trustee on investment of the respective accounts within the Lease Payment Fund shall, as received, be retained in such accounts. Amounts retained in respective accounts within the Lease Payment Fund shall be applied as a credit against the Lease Payment due by the City pursuant to the Lease Agreement on the Lease Payment Date following the date of deposit.

Certificates

The Trustee is directed by the Trust Agreement, upon written request of the Corporation, to prepare, execute and deliver to the Original Purchaser, the Certificates in their initial aggregate principal amount.

The Trust Agreement contains procedures and regulations with respect to exchanges and transfers of Certificates, for conditions of delivery of temporary Certificates, for procedures for Certificates which are mutilated, lost, destroyed or stolen, for evidence of signatures of Certificate Owners and ownership of Certificates and for procedures with respect to payment of Certificates.

Amendments Permitted

The Trust Agreement and the rights and obligations of the Owners of the Certificates and the Lease Agreement and the rights and obligations of the parties thereto, may be modified or amended at any time by a supplemental agreement which shall become effective when the written consents of the Owners of at least sixty percent (60%) in aggregate principal amount of the Certificates then Outstanding, exclusive of Certificates disqualified, shall have been filed with the Trustee. No such modification or amendment shall (1) extend or have the effect of extending the fixed maturity of any Certificate or reducing the interest rate with respect thereto or extending the time of payment of interest, or reducing the amount of principal thereof or reducing any premium payable upon the prepayment thereof, without the express consent of the Owner of such Certificate, or (2) reduce or have the effect of reducing the percentage of Certificates required for the affirmative vote or written consent to an amendment or modification of a Lease Agreement, or (3) modify any of the rights or obligations of the Trustee without its written assent thereto.

The Trust Agreement and the rights and obligations of the Owners of the Certificates and the Lease Agreement and the rights and obligations of the respective parties thereto, may be modified or amended at any time by a supplemental agreement, without the consent of any such Owners, but only to the extent permitted by law and only (1) to add to the covenants and agreements of the Corporation or the City, (2) to cure, correct or supplement any ambiguous or defective provision contained therein and which shall not, in the opinion of nationally recognized bond counsel, adversely affect the interests of the Owners of the Certificates, (3) in regard to questions arising thereunder, as the parties thereto may deem necessary or desirable and which shall not, in the opinion of nationally recognized bond counsel, adversely affect the interests of the Owners of the Certificates; (4) to make such additions, deletions or modifications as may be necessary or appropriate to assure the exclusion from gross income for federal income tax purposes of the interest component of Lease Payments and the interest payable with respect to the Certificates, (5) to add to the rights of the Trustee, or (6) to maintain the rating or ratings assigned to the Certificates. Any such supplemental agreement shall become effective upon execution and delivery by the parties thereto, as the case may be.

The Trust Agreement and the Lease Agreement may not be modified or amended at any time by a supplemental agreement which would modify any of the rights and obligations of the Trustee without its written assent thereto.

Certain Covenants

Compliance With and Enforcement of Lease Agreement. The City covenants and agrees with the Owners of the Certificates to perform all obligations and duties imposed on it under the Lease Agreement. The Corporation covenants and agrees with the Owners of the Certificates to perform all obligations and duties imposed on it under the Lease Agreement.

The City will not do or permit anything to be done, or omit or refrain from doing anything, in any case where any such act done or permitted to be done, or any such omission of or refraining from action, would or might be a ground for cancellation or termination of the Lease Agreement by the Corporation thereunder. The Corporation and the City, immediately upon receiving or giving any notice, communication or other document in any way relating to or affecting their respective estates, or either of them, in the Leased Property, which may or can in any manner affect such estate of the City or the Corporation, will deliver the same, or a copy thereof, to the Trustee.

Observance of Laws and Regulations. The City will well and truly keep, observe and perform all valid and lawful obligations or regulations now or hereafter imposed on it by contract, or prescribed by any law of the United States, or of the State, or by any officer, board or commission having jurisdiction or control, as a condition of the continued enjoyment of any and every right, privilege or franchise now owned or hereafter acquired by the City, including its right to exist and carry on business as a municipal corporation, to the end that such rights, privileges and franchises shall be maintained and preserved, and shall not become abandoned, forfeited or in any manner impaired.

Prosecution and Defense of Suits. The City shall promptly, upon request of the Trustee or any Certificate Owner, from time to time take such action as may be necessary or proper to remedy or cure any defect in or cloud upon the title to the Leased Property, whether now existing or hereafter developing and shall prosecute all such suits, actions and other proceedings as may be appropriate for such purpose and shall indemnify and save the Trustee and every Certificate

Owner harmless from all loss, cost, damage and expense, including attorneys' fees, which they or any of them may incur by reason of any such defect, cloud, suit, action or proceeding.

Recordation and Filing. The City shall record and file, or cause to be recorded and filed, the Lease Agreement (or memorandums thereof), the Assignment Agreement and all such documents as may be required by law (and shall take all further actions which may be necessary or be reasonably required by the Trustee), all in such manner, at such times and in such places as may be required by law in order fully to preserve, protect and perfect the security of the Trustee, and the Certificate Owners.

Budgets. The City shall supply to the Trustee as soon as practicable, but not later than August 1 in each year, a written determination by a City Representative that the City has made adequate provision in its annual budget for the payment of Lease Payments due under the Lease Agreement in the fiscal year covered by such budget. Such determination shall be made as soon as practicable after the first publication of any notice of public hearing upon the proposed budget of the City and shall be made, in any event, not later than the date fixed for any public hearing on the proposed budget. The determination given by the City to the Trustee shall be that the amounts so budgeted are fully adequate for the payment of all Lease Payments due under the Lease Agreement in the annual period covered by such budget.

Continuing Disclosure. The City covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate. Notwithstanding any other provision of the Trust Agreement, failure of the City to comply with the Continuing Disclosure Certificates shall not be considered an Event of Default; however, the Trustee shall at the request of any Participating Underwriter or the holders of at least 25% aggregate principal amount of Outstanding Certificates and upon receipt of indemnification satisfactory to the Trustee, or any holder or beneficial owner of the Certificates may, take such actions as may be necessary and appropriate to compel performance, including seeking mandate or specific performance by court order.

Tax Covenants.

Generally. The City shall not take any action or permit to be taken any action within its control which would cause or which, with the passage of time if not cured would cause, interest represented by the Certificates to become includable in gross income for federal income tax purposes.

Federal Guarantee Prohibition. The City shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause any of the Certificates or the Lease Agreement to be "federally guaranteed" within the meaning of Section 149(b) of the Tax Code.

Status of 2020A Lease Payments and 2020A Certificates as "Qualified 501(c)(3) Obligations".

(1) The City shall assure that the 2020A Lease Payments and the 2020A Certificates qualify as "Qualified 501(c)(3) Obligations" under the Code, and to this end, shall, among other things, enforce the tax covenants contained in Section 5.12 of the Operating Agreement, and similar provisions in any agreement which succeeds or replaces the Operating Agreement.

(2) The City covenants that no more than 5% of the amount of the proceeds of the 2020A Certificates are used for private activity relating to the Bankhead Theater.

(3) City covenants that so long as the 2020A Certificates are Outstanding, the Bankhead Theater will be owned (as ownership is determined for purposes of federal income taxation) by the City, by an organization described in section 501(c)(3) of the Code, or by a governmental unit.

Maintenance of Tax-Exemption. The City shall take all actions necessary to assure the exclusion of interest with respect to the Certificates from the gross income of the Owners of the Certificates to the same extent as such interest is permitted to be excluded from gross income under the Code as in effect on the Closing Date.

Rebate Requirement. The City shall take any and all actions necessary to assure compliance with section 148(f) of the Tax Code, relating to the rebate of excess investment earnings to the federal government.

No Arbitrage. The City will not take, or permit or suffer to be taken by the Trustee or otherwise, any action with respect to the proceeds of the Certificates which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the Closing Date would have caused the Certificates to be "arbitrage bonds" within the meaning of section 148 of the Code.

Record Retention. The City will retain its records of all accounting and monitoring it carries out with respect to the Certificates for at least 3 years after the Certificates mature or are prepaid (whichever is earlier); however, if the Certificates are prepaid and refunded, the City will retain its records of accounting and monitoring at least 3 years after the earlier of the maturity or prepayment of the obligations that refunded the Certificates.

Compliance with Tax Certificate. The City and the Corporation will comply with the provisions of the Certificate as to Arbitrage and the Certificate Regarding Use of Proceeds with respect to the Certificates, which are incorporated herein as if fully set forth herein.

Remedies

If an Event of Default under the Lease Agreement shall happen, then and in each and every such case during the continuance of such Event of Default, with the prior written consent of the Trustee may, and upon the written request of the Owners of a majority in aggregate principal amount of the Certificates then Outstanding and upon being indemnified to its satisfaction therefor shall, exercise any and all remedies available pursuant to law or granted pursuant to the Lease Agreement; provided, however, that notwithstanding anything in the Trust Agreement or in the Lease Agreement to the contrary, there shall be no right under any circumstances to accelerate the maturities of the Certificates or otherwise to declare any Lease Payment not then in default to be immediately due and payable.

Application of Funds

All moneys received by the Trustee pursuant to any right given or action taken under the provisions of the Trust Agreement or the Lease Agreement shall be applied by the Trustee in the

following order and, in the case of distributions to Owners, upon presentation of the several Certificates:

First, to the payment of the costs and expenses of the Trustee in declaring such Event of Default, including reasonable compensation to its or their agents, attorneys and counsel (including allocated costs of internal counsel), including all fees and expenses past due; and

Second, to the payment of the whole amount then owing and unpaid with respect to the Certificates for principal and interest, with interest on the overdue principal and installments of interest at the rate of interest on the Certificates (but such interest on overdue installments of interest shall be paid only to the extent funds are available therefor following payment of principal and interest and interest on overdue principal, as aforesaid), and in case such moneys shall be insufficient to pay in full the whole amount so owing and unpaid with respect to the Certificates, then to the payment of such principal and interest without preference or priority of principal over interest, or of interest over principal, or of any installment of interest over any other installment of interest, ratably to the aggregate of such principal and interest.

Institution of Legal Proceedings.

If one or more Events of Default shall happen and be continuing, the Trustee in its discretion may, and upon the written request of the Owners of a majority in principal amount of the Certificates then Outstanding, and upon being indemnified to its satisfaction therefor, shall, proceed to protect or enforce its rights or the rights of the Owners of Certificates by a suit in equity or action at law, either for the specific performance of any covenant or agreement contained herein, or in aid of the execution of any power herein granted, or by mandamus or other appropriate proceeding for the enforcement of any other legal or equitable remedy as the Trustee shall deem most effectual in support of any of its rights or duties hereunder.

Non-waiver.

Nothing in the Trust Agreement or in the Certificates shall affect or impair the obligation of the City to pay or prepay the Lease Payments as provided in the Lease Agreement, or affect or impair the right of action, which is absolute and unconditional, of the Certificate Owners to institute suit to enforce and collect such payment. No delay or omission of the Trustee, of any Owner of any of the Certificates to exercise any right or power arising upon the happening of any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or an acquiescence therein, and every power and remedy given by the Trust Agreement to the Trustee, to the Owners of Certificates may be exercised from time to time and as often as shall be deemed expedient by the Trustee or the Certificate Owners.

Remedies Not Exclusive.

No remedy conferred upon or reserved to the Trustee, to the Certificate Owners is intended to be exclusive of any other remedy, and every such remedy shall be cumulative and shall be in addition to every other remedy given or now or hereafter existing, at law or in equity or by statute or otherwise.

Power of Trustee to Control Proceedings.

If the Trustee, upon the happening of an Event of Default, takes any action, by judicial proceedings or otherwise, under its duties under the Trust Agreement, whether upon its own discretion or upon the direction of the Owners of a majority in aggregate principal amount of the Certificates then Outstanding, it has full power, in the exercise of its discretion for the best interests of the Owners of the Certificates, with respect to the continuance, discontinuance, withdrawal, compromise, settlement or other disposal of such action; provided, however, that the Trustee shall not, unless there no longer continues an Event of Default, discontinue, withdraw, compromise or settle, or otherwise dispose of any litigation pending at law or in equity, if at the time there has been filed with it a written request signed by the Owners of a majority in aggregate principal amount of the Outstanding Certificates opposing such discontinuance, withdrawal, compromise, settlement or other disposal of such litigation.

Limitation on Certificate Owners' Right to Sue.

No Owner of any Certificate issued under the Trust Agreement shall have the right to institute any suit, action or proceeding at law or in equity, for any remedy under or upon the Trust Agreement, unless (a) such Owner shall have previously given to the Trustee written notice of the occurrence of an Event of Default hereunder; (b) the Owners of at least twenty-five percent (25%) in aggregate principal amount of all the Certificates then Outstanding shall have made written request upon the Trustee to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name; (c) said Owners shall have tendered to the Trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request; and (d) the Trustee shall have refused or omitted to comply with such request for a period of sixty (60) days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee.

Such notification, request, tender of indemnity and refusal or omission are declared, in every case, to be conditions precedent to the exercise by any Owner of Certificates of any remedy under the Trust Agreement; it being understood and intended that no one or more Owners of Certificates shall have any right in any manner whatever by his or their action to enforce any right under the Trust Agreement, except in the manner provided, and that all proceedings at law or in equity with respect to an Event of Default shall be instituted, had and maintained in the manner herein provided and for the equal benefit of all Owners of the Outstanding Certificates.

The right of any Owner of any Certificate to receive payment of said Owner's fractional interest in the Lease Payments as the same become due, or to institute suit for the enforcement of such payment, shall not be impaired or affected without the consent of such Owner, notwithstanding the foregoing provisions of this Section 13.05 or any other provision of this Trust Agreement.

Defeasance

If and when all Outstanding Certificates shall be paid and discharged and all other amounts due and owing under the Trust Agreement have been paid (as set forth below) then, notwithstanding that any Certificates shall not have been surrendered for payment, all obligations of the Corporation, the Trustee and the City with respect to all Outstanding Certificates shall cease and terminate, except only the obligation of the City to pay or cause to be paid, from Lease Payments paid by or on behalf of the City from funds deposited pursuant to paragraph (b) below, to the Owners of the Certificates not so surrendered and paid all sums due with respect thereto,

and in the event of deposits pursuant to paragraph (b), the Certificates shall continue to represent direct and fractional interests of the Owners thereof in Lease Payments under the Lease Agreement.

Such payment and discharge may be accomplished in either of the following ways:

(a) by well and truly paying or causing to be paid the principal, and interest and prepayment premiums (if any) with respect to all Certificates Outstanding, as and when the same become due and payable; or

(b) by irrevocably depositing with the Trustee or an escrow holder security for the payment of Lease Payments as more particularly described in the Lease Agreement, to be applied to pay the Lease Payments as the same become due and payable and prepay the Lease Payments in full on any prepayment date, pursuant to the Lease Agreement.

LEASE AGREEMENT

Lease

The Corporation leases the Leased Property to the City, and the City leases the Leased Property from the Corporation, upon the terms and conditions set forth in the Lease Agreement.

Term of Agreement

The Term of the Lease Agreement shall commence on the Closing Date and shall end on October 1, _____, unless such term is extended as hereinafter provided. If, on October 1, _____, the Trust Agreement shall not be discharged by its terms or if the Lease Payments shall have been abated at any time and for any reason, then the Term of the Lease Agreement shall be extended until there has been deposited with the Trustee an amount sufficient to pay all obligations due under the Lease Agreement, but in no event shall the Term of the Lease Agreement extend beyond October 1, _____. If, prior to October 1, _____, the Trust Agreement shall be discharged by its terms, the Term of the Lease Agreement shall thereupon end.

Possession

The City agrees to accept and take possession of the Leased Property on the Closing Date.

Lease Payments

Obligation to Pay. The City agrees to pay to the Corporation, its successors and assigns, as rental for the use and occupancy of the Leased Property during each Rental Period, the Lease Payments. The Lease Payments shall consist of the 2020A Lease Payments and the 2020B Lease Payments. Any amount held in the respective accounts within the Lease Payment Fund on any Lease Payment Date (other than amounts resulting from the prepayment of the Lease Payments in part but not in whole and other than amounts required for payment of Certificates not yet surrendered) shall be credited towards the Lease Payment then due and payable; and no Lease Payment need be made on any Lease Payment Date if the amounts then held in the Lease Payment Fund are at least equal to the Lease Payment then required to be paid. The Lease

Payments for the Leased Property payable in any Rental Period shall be for the use of the Leased Property for such Rental Period.

Effect of Prepayment. In the event that the City prepays all remaining Lease Payments in full, the City's obligations under the Lease Agreement shall thereupon cease and terminate including, but not limited to, the City's obligation to pay Lease Payments; subject however, to the provisions of the Lease Agreement in the case of prepayment by application of a security deposit. In the event that the City optionally prepays the Lease Payments in part but not in whole as a result of any insurance or condemnation award with respect to any portion of the Leased Property, such prepayment shall be credited entirely towards the prepayment of the Lease Payments as follows: (i) the principal components of each remaining such Lease Payments shall be reduced in such order as shall be designated by the City (and in lieu of any designation, in inverse order of payment date in integral multiples of \$5,000); and (ii) the interest component of each remaining Lease Payment shall be reduced by the aggregate corresponding amount of interest which would otherwise be payable with respect to the Certificates thereby redeemed pursuant to the Trust Agreement.

Rate on Overdue Payments. In the event the City should fail to make any of the payments by the Lease Agreement, the payment in default shall continue as an obligation of the City until the amount in default shall have been fully paid, and the City agrees to pay the same with interest thereon, to the extent permitted by law, from the date of default to the date of payment at the rate of interest then payable on the Certificates. Such interest, if received, shall be deposited in the Lease Payment Fund.

Fair Rental Value. The Lease Payments for the Leased Property for each Rental Period shall constitute the total rental for the Leased Property for each such Rental Period and shall be paid by the City in each Rental Period for and in consideration of the right of the use and occupancy and the continued quiet use and enjoyment of the Leased Property during each Rental Period. The parties to the Lease Agreement have agreed and determined that the total Lease Payments for the Leased Property represent the fair rental value of the Leased Property. In making such determination, consideration has been given to the obligations of the parties under the Lease Agreement, the uses and purposes which may be served by the Leased Property and the benefits therefrom which will accrue to the City and the general public.

Source of Payments; Budget and Appropriation. Lease Payments shall be payable from any source of available moneys of the City.

The City covenants to take such action as may be necessary to include all Lease Payments in each of its budgets during the Term of the Lease Agreement and to make the necessary annual appropriations for all such Lease Payments. The covenants on the part of the City contained in the Lease Agreement shall be deemed to be and shall be construed to be duties imposed by law and it shall be the duty of each and every public official of the City to take such action and do such things as are required by law in the performance of the official duty of such officials to enable the City to carry out and perform the covenants and agreements in the Lease Agreement agreed to be carried out and performed by the City. During the Term of the Lease Agreement, the City shall furnish the Trustee, no later than August 1 of each year, following a written request of the Trustee to the City, with a certificate stating that the City has included the Lease Payments due in that Fiscal Year in the budget that has been approved by the City Council for such Fiscal Year.

It is the City's intent to make the Series 2020A Lease Payments first, and primarily, from the Combined Host Community Impact Fees, and pledges the Combined Host Community Impact Fees to the payment of the Series 2020A Lease Payments. To the extent the Combined Host Community Impact Fees are ever insufficient to pay the Series 2020A Lease Payments in full, the City shall apply any other funds of the City lawfully available therefor to such payment.

The Combined Host Community Impact Fees are not available to pay the 2020B Lease Payments.

Assignment. The City understands and agrees that all Lease Payments have been assigned by the Corporation to the Trustee in trust, pursuant to the Assignment Agreement, for the benefit of the Owners of the Certificates, and the City assents to such assignment. The Corporation directs the City, and the City agrees to pay to the Trustee at the Principal Corporate Trust Office of the Trustee, all payments payable by the City pursuant to the Lease Agreement.

Quiet Enjoyment

During the Term of the Lease Agreement, the Corporation shall provide the City with quiet use and enjoyment of the Leased Property and the City shall, during such Term, peaceably and quietly have and hold and enjoy the Leased Property without suit, trouble or hindrance from the Corporation, except as expressly set forth in the Lease Agreement. The Corporation will, at the request of the City and at the City's cost, join in any legal action in which the City asserts its right to such possession and enjoyment to the extent the Corporation may lawfully do so.

Title

During the Term of the Lease Agreement, the City shall hold fee title to those portions of the Leased Property which comprise fixtures, repairs, replacements or modifications to the Leased Property.

If the City prepays the Lease Payments in full or makes the security deposit permitted by the Lease Agreement, or pays all Lease Payments during the Term of the Lease Agreement as the same become due and payable, all right, title and interest of the Corporation in and to the Leased Property shall be terminated. The Corporation agrees to take any and all steps and execute and record any and all documents reasonably required by the City to consummate any such transfer of title.

Maintenance, Utilities, Taxes and Assessments

Throughout the Term of the Lease Agreement, as part of the consideration for the rental of the Leased Property, all improvement, repair and maintenance of the Leased Property shall be the responsibility of the City and the City shall pay, or otherwise arrange, for the payment of all utility services supplied to the Leased Property which may include, without limitation, janitor service, security, power, gas, telephone, light, heating, water and all other utility services, and shall pay for or otherwise arrange for the payment of the cost of the repair and replacement of the Leased Property resulting from ordinary wear and tear or want of care on the part of the City or any assignee or sublessee thereof. In exchange for the Lease Payments, the Corporation agrees to provide only the Leased Property.

The City shall also pay or cause to be paid all taxes and assessments of any type or nature, if any, charged to the Corporation or the City affecting the Leased Property or the

respective interests or estates therein; provided that with respect to special assessments or other governmental charges that may lawfully be paid in installments over a period of years, the City shall be obligated to pay only such installments as are required to be paid during the Term of the Lease Agreement as and when the same become due.

The City may, at the City's expense and in its name, in good faith contest any such taxes, assessments, utility and other charges and, in the event of any such contest, may permit the taxes, assessments or other charges so contested to remain unpaid during the period of such contest and any appeal therefrom unless the Corporation shall notify the City that, in the opinion of Independent Counsel, by nonpayment of any such items, the interest of the Corporation in the Leased Property will be materially endangered or the Leased Property or any part thereof will be subject to loss or forfeiture, in which event the City shall promptly pay such taxes, assessments or charges or provide the Corporation with full security against any loss which may result from nonpayment, in form satisfactory to the Corporation.

Modification of Leased Property

The City shall, at its own expense, have the right to remodel the Leased Property or to make additions, modifications and improvements to the Leased Property. All additions, modifications and improvements to the Leased Property shall thereafter comprise part of the Leased Property and be subject to the provisions of the Lease Agreement. Such additions, modifications and improvements shall not in any way damage the Leased Property, substantially alter its nature, cause the interest component of Lease Payments attributable to the Certificates to be subject to federal income taxes or cause the Leased Property to be used for purposes other than those authorized under the provisions of State and federal law; and the Leased Property, upon completion of any additions, modifications and improvements made thereto, shall be of a value which is not substantially less than the value of the Leased Property immediately prior to the making of such additions, modifications and improvements. The City will not permit any mechanic's or other lien to be established or remain against the Leased Property for labor or materials furnished in connection with any remodeling, additions, modifications, improvements, repairs, renewals or replacements made by the City; provided that if any such lien is established and the City shall first notify the Corporation of the City's intention to do so, the City may in good faith contest any lien filed or established against the Leased Property, and in such event may permit the items so contested to remain undischarged and unsatisfied during the period of such contest and any appeal therefrom and shall provide the Corporation with full security against any loss or forfeiture which might arise from the nonpayment of any such item, in form satisfactory to the Corporation. The Corporation will cooperate fully in any such contest, upon the request and at the expense of the City.

Insurance

Public Liability and Property Damage Insurance. The City shall, maintain or cause to be maintained, throughout the Term of the Lease Agreement, insurance policies, including a standard comprehensive general liability insurance policy or policies in protection of the City, the Corporation and the Trustee, including their respective members, officers, agents and employees. Said policy or policies shall provide for indemnification of said parties against direct or contingent loss or liability for damages for bodily and personal injury, death or property damage occasioned by reason of the operation of the Leased Property. Said policy or policies shall provide coverage in the minimum liability limits of \$1,000,000 for personal injury or death of each person and \$3,000,000 for personal injury or deaths of two or more persons in each accident or event, and in a minimum amount of \$100,000 (subject to a deductible clause of not to exceed \$5,000) for

damage to property resulting from each accident or event. Such public liability and property damage insurance may, however, be in the form of a single limit policy in the amount of \$3,000,000 covering all such risks. Such liability insurance may be maintained as part of or in conjunction with any other liability insurance coverage carried by the City and may be maintained in the form of insurance maintained through a joint exercise of powers authority created for such purpose or in the form of self-insurance by the City.

Fire and Extended Coverage Insurance. The City shall maintain, or cause to be maintained throughout the Term of the Lease Agreement, insurance against loss or damage to any part of the Leased Property by fire and lightning, with extended coverage and vandalism and malicious mischief insurance. Said extended coverage insurance shall, as nearly as practicable, cover loss or damage by explosion, windstorm, riot, aircraft, vehicle damage, smoke and such other hazards as are normally covered by such insurance. Such insurance shall be in an amount equal to the lesser of (a) one hundred percent (100%) of the replacement cost of the Leased Property, or (b) the aggregate principal amount of the Outstanding Certificates. Such insurance may be maintained as part of or in conjunction with any other fire and extended coverage insurance carried by the City and may be maintained in whole or in part in the form of insurance maintained through a joint exercise of powers authority created for such purpose. This insurance may not be maintained in the form of self-insurance.

Rental Interruption Insurance. The City shall maintain, or cause to be maintained, throughout the Term of the Lease Agreement rental interruption or use and occupancy insurance to cover loss, total or partial, of the use of any part of the Leased Property during the Term of the Lease Agreement as a result of any of the hazards covered in the insurance required by the Lease Agreement, in an amount at least equal to the Lease Payments due in an 24 month period. The Net Proceeds of such insurance shall be paid to the Trustee and deposited in the Lease Payment Fund (such deposit to be split between the Series 2014A Lease Payment Account and the Series 2014B Lease Payment Account on a pro rata basis based on the outstanding principal component of the 2020A Lease Payments and the 2020B Lease Payments) and shall be credited towards the payment of the Lease Payments in the order in which such Lease Payments come due and payable. This insurance may not be maintained in the form of self-insurance.

Title Insurance. The City shall provide, from moneys in the Delivery Costs Fund or at its own expense, on the Closing Date, a CLTA title insurance policy covering, and in the amount of not less than the principal amount of the Certificates, insuring the City's leasehold estate in the Site, subject only to Permitted Encumbrances.

Insurance Net Proceeds; Form of Policies. Each policy or other evidence of insurance required by the Lease Agreement shall provide that all proceeds thereunder shall be payable to the Trustee as and to the extent required under the Lease Agreement and shall be applied as provided in the Lease Agreement. All required insurance policies shall be provided by a commercial insurer rated "A" by A.M. Best & Company or rated in one of the two highest rating categories by Moody's and S&P. The City shall pay or cause to be paid when due the premiums for all insurance policies required by the Lease Agreement; provided that the Corporation shall, upon written demand of the City, reimburse the City from any lawfully available funds of the Corporation for any costs of insurance required under the Lease Agreement that are attributable to increased costs of insurance, over that normally carried by the City, due to the Certificate financing program. The Trustee shall not be responsible for the sufficiency of any insurance required in the Lease Agreement, including any forms of self-insurance and shall be fully protected in accepting payment on account of such insurance or any adjustment, compromise or settlement of any loss.

In the event that any insurance maintained pursuant to Section 5.3 shall be provided in the form of self-insurance, then (a) the City shall maintain reserve balances with respect thereto which are held by an independent trustee, (b) such self-insurance program shall be maintained by the City on an actuarially sound basis, and (c) in the event the self-insurance program is discontinued at any time, the actuarial soundness of the reserve balances shall be maintained.

Eminent Domain; Abatement

If all of the Leased Property shall be taken permanently under the power of eminent domain or sold to a government threatening to exercise the power of eminent domain, the Lease Payments shall be abated as of the day possession shall be so taken.

If less than all of the Leased Property shall be taken permanently, or if all of the Leased Property or any part thereof shall be taken temporarily under the power of eminent domain, (1) the Lease Agreement shall continue in full force and effect and shall not be terminated by virtue of such taking and the parties waive the benefit of any law to the contrary, and (2) there shall be a partial abatement of Lease Payments as a result of the application of the Net Proceeds of any eminent domain award to the prepayment of the Lease Payments, in an amount to be agreed upon by the City and the Corporation such that the resulting Lease Payments represent fair consideration for the use and occupancy of the remaining usable portion of the Leased Property.

Notwithstanding the foregoing, the 2020A Lease Payments shall not be abated to the extent that Combined Host Community Impact Fees are available for that purpose, it being hereby declared that such Combined Host Community Impact Fees constitute special funds for the payment of the 2020A Lease Payments.

Application of Net Proceeds

From Insurance Award. The Net Proceeds of any insurance award resulting from any damage to or destruction of any portion of the Leased Property by fire or other casualty shall be paid by the City to the Trustee, as assignee of the Corporation under the Assignment Agreement, deposited in the Insurance and Condemnation Fund held by the Trustee and applied as set forth in the Trust Agreement.

From Eminent Domain Award. The Net Proceeds of any eminent domain award shall be paid by the City to the Trustee, as assignee of the Corporation under the Assignment Agreement, deposited in the Insurance and Condemnation Fund and applied as set forth in the Trust Agreement.

From Title Insurance. The Net Proceeds of any title insurance award shall be paid to the Trustee, as assignee of the Corporation under the Assignment Agreement, deposited in the Insurance and Condemnation Fund and applied as set forth in the Trust Agreement.

Abatement of Lease Payments in the Event of Damage or Destruction

Lease Payments shall be abated during any period in which, by reason of damage or destruction (other than by eminent domain which is hereinbefore provided for), there is substantial interference with the beneficial use and occupancy by the City of the Leased Property or any portion thereof, but not any specific portion of the Leased Property, as shall be agreed upon by the City and the Corporation. The parties agree that the amounts of the Lease Payments under

such circumstances shall not be less than the amounts of the unpaid Lease Payments, unless such unpaid amounts are determined to be greater than the fair rental value of the portions of the Leased Property not damaged or destroyed, based upon the opinion of an MAI appraiser with expertise in valuing such properties or other appropriate method of valuation, in which event the Lease Payments shall be abated such that they represent said fair rental value. Such abatement shall continue for the period commencing with such damage or destruction and ending with the substantial completion of the work of repair or reconstruction. In the event of any such damage or destruction, the Lease Agreement shall continue in full force and effect and the City waives any right to terminate the Lease Agreement by virtue of any such damage and destruction. Notwithstanding the foregoing, there shall be no abatement of Lease Payments to the extent that (a) the proceeds of rental interruption insurance, (b) Host Community Impact Fees (with respect to the 2020A Lease Payments only) or (c) amounts in the Insurance and Condemnation Fund and/or the Lease Payment Fund are available to pay Lease Payments which would otherwise be abated, it being hereby declared that such proceeds and amounts constitute special funds for the payment of the Lease Payments.

The City covenants that in the event of damage or destruction causing substantial interference with the use and occupancy by the City of any portion of the Leased Property consisting of buildings, the City shall have an appraisal report with respect to the real property included in the Leased Property and any buildings included in the Leased Property which have not been damaged or destroyed completed by an M.A.I. appraiser within six (6) months of such event, at the expense of the City. To the extent such appraisal report determines that the fair rental value of such real property and buildings equals or exceeds the aggregate unpaid principal amount of the Certificates Outstanding at the time of such damage or destruction, the City shall continue to make Lease Payments in the amounts set forth in the Lease Agreement.

Assignment and Subleasing by the City. The Lease Agreement may not be assigned by the City. The City may sublease the Leased Property or any portion thereof, but only upon satisfaction of certain conditions set forth in the Lease Agreement.

Substitution of Site or Facility

The City has the option at any time and from time to time to substitute other land (a "Substitute Site") and/or a substitute facility or substitute facilities (a "Substitute Facility") for the Site (the "Former Site"), or a portion thereof, and/or the Facility (the "Former Facility"), or a portion thereof, provided that the City shall satisfy all of the requirements of the Lease Agreement, including the following:

(i) The City shall certify in writing to the Corporation and the Trustee that such Substitute Site and/or Substitute Facility serve the purposes of the City, constitutes property that is unencumbered (or the portion of such property to be substituted is unencumbered), subject to Permitted Encumbrances, and constitutes property which the City and the Corporation are permitted to lease under the laws of the State;

(ii) The City shall certify in writing to the Corporation and the Trustee that the Substitute Site and/or Substitute Facility (or the portions to be substituted) have a value which is at least equal to the value of the Former Site and/or Former Facility, as the case may be;

(iii) The City shall certify that the Substitute Site and/or the Substitute Facility has a useful life extending at least to the final maturity date of the Outstanding Certificates.

Release of Site

The City has the option at any time and from time to time during the Term of the Lease Agreement to release any portion of the Site, provided that the City shall satisfy all of the requirements of the Lease Agreement, including certifying in writing to the Trustee and the Corporation that the Site, as revised by such release, together with the Facility, are of equal or greater value than the then Outstanding principal component of Certificates.

The City has the option at any time and from time to time during the Term of the Lease Agreement to release any portion of the Facility, provided that the City shall satisfy all of the requirements of the Lease Agreement, including certifying in writing to the Corporation and the Trustee that the Leased Property, as revised by such release, is of a value equal to or greater value than the then Outstanding principal component of Certificates.

Events of Default

The following shall be “events of default” under the Lease Agreement and the terms “Events of Default” and “Default” shall mean, whenever they are used in the Lease Agreement, with respect to the Leased Property, any one or more of the following events:

(a) Failure by the City to pay any Lease Payment or other payment required to be paid at the time specified, and the continuation of such failure for ten days.

(b) Failure by the City to observe and perform any covenant, condition or agreement on its part to be observed or performed under the Lease Agreement or under the Trust Agreement, other than as referred to in clause (i) above, for a period of thirty (30) days after written notice specifying such failure and requesting that it be remedied has been given to the City by the Corporation, the Trustee or the Owners of not less than five percent (5%) in aggregate principal amount of Certificates then outstanding; provided, however, if the failure stated in the notice can be corrected, but not within the applicable period, the Corporation, the Trustee and such Owners shall not unreasonably withhold their consent to an extension of such time if corrective action is instituted by the City within the applicable period and diligently pursued until the default is corrected.

(c) The filing by the City of a voluntary petition in bankruptcy, or failure by the City promptly to lift any execution, garnishment or attachment, or adjudication of the City as a bankrupt, or assignment by the City for the benefit of creditors, or the entry by the City into an agreement of composition with creditors, or the approval by a court of competent jurisdiction of a petition applicable to the City in any proceedings instituted under the provisions of the Federal Bankruptcy Act, as amended, or under any similar acts which may hereafter be enacted.

Remedies on Default

Whenever any Event of Default shall have happened and be continuing, it shall be lawful for the Corporation to exercise any and all remedies available pursuant to law or granted pursuant to the Lease Agreement; *provided, however,* that notwithstanding anything in the Lease Agreement or in the Trust Agreement to the contrary, there shall be no right under any circumstances to accelerate the Lease Payments or otherwise declare any Lease Payments not then in default to be immediately due and payable. Each and every covenant of the Lease Agreement to be kept and performed by the City is expressly made a condition and upon the breach thereof, the Corporation may exercise any and all rights of entry and re-entry upon the Leased Property, and also, at its option, with or without such entry, may terminate the Lease Agreement; provided, that no such termination shall be effected either by operation of law or acts of the parties to the Lease Agreement, except only in the manner expressly provided in the Lease Agreement. In the event of such default and notwithstanding any re-entry by the Corporation, the City shall, as expressly provided in the Lease Agreement, continue to remain liable for the payment of the Lease Payments and/or damages for breach of the Lease Agreement and the performance of all conditions contained in the Lease Agreement and, in any event such rent and/or damages shall be payable to the Corporation at the time and in the manner as provided in the Lease Agreement, to wit:

(a) In the event the Corporation does not elect to terminate the Lease Agreement in the manner hereinafter provided for in subparagraph (b) below, the City agrees to and shall remain liable for the payment of all Lease Payments and the performance of all conditions contained in the Lease Agreement and shall reimburse the Corporation for any deficiency arising out of the re-leasing of the Leased Property, or, in the event the Corporation is unable to re-lease the Leased Property, then for the full amount of all Lease Payments to the end of the Term of the Lease Agreement, but said Lease Payments and/or deficiency shall be payable only at the same time and in the same manner as hereinabove provided for the payment of Lease Payments under the Lease Agreement, notwithstanding such entry or re-entry by the Corporation or any suit in unlawful detainer, or otherwise, brought by the Corporation for the purpose of effecting such re-entry or obtaining possession of the Leased Property or the exercise of any other remedy by the Corporation.

The City irrevocably appoints the Corporation as the agent and attorney-in-fact of the City to enter upon and re-lease the Leased Property in the event of default by the City in the performance of any covenants contained in the Lease Agreement to be performed by the City and to remove all personal property whatsoever situated upon the Leased Property, to place such property in storage or other suitable place within Alameda County, for the account of and at the expense of the City, and the City exempts and agrees to save harmless the Corporation from any costs, loss or damage whatsoever arising or occasioned by any such entry upon and re-leasing of the Leased Property and the removal and storage of such property by the Corporation or its duly authorized agents in accordance with the provisions contained in the Lease Agreement. The City waives any and all claims for damages caused or which may be caused by the Corporation in re-entering and taking possession of the Leased Property as provided in the Lease Agreement and all claims for damages that may result from the destruction of or injury to the Leased Property and all claims for damages to or

loss of any property belonging to the City that may be in or upon the Leased Property.

The City agrees that the terms of the Lease Agreement constitute full and sufficient notice of the right of the Corporation to re-lease the Leased Property in the event of such re-entry without effecting a surrender of the Lease Agreement, and further agrees that no acts of the Corporation in effecting such re-leasing shall constitute a surrender or termination of the Lease Agreement irrespective of the term for which such re-leasing is made or the terms and conditions of such re-leasing, or otherwise, but that, on the contrary, in the event of such default by the City the right to terminate the Lease Agreement shall vest in the Corporation to be effected in the sole and exclusive manner hereinafter provided for in paragraph (b) below.

(b) In an Event of Default, the Corporation at its option may terminate the Lease Agreement and re-lease all or any portion of the Leased Property. In the event of the termination of the Lease Agreement by the Corporation at its option and in the manner hereinafter provided on account of default by the City (and notwithstanding any re-entry upon the Leased Property by the Corporation in any manner whatsoever or the re-leasing of the Leased Property), the City nevertheless agrees to pay to the Corporation all costs, loss or damages howsoever arising or occurring payable at the same time and in the same manner as is provided in the Lease Agreement in the case of payment of Lease Payments. Any surplus received by the Corporation from such re-leasing shall be credited towards the Lease Payments next coming due and payable. Neither notice to pay rent or to deliver up possession of the premises given pursuant to law nor any proceeding in unlawful detainer taken by the Corporation shall of itself operate to terminate the Lease Agreement, and no termination of the Lease Agreement on account of default by the City shall be or become effective by operation of law, or otherwise, unless and until the Corporation shall have given written notice to the City of the election on the part of the Corporation to terminate the Lease Agreement. The City covenants and agrees that no surrender of the Leased Property and/or of the remainder of the Term of the Lease Agreement or any termination of the Lease Agreement shall be valid in any manner or for any purpose whatsoever unless stated or accepted by the Corporation by such written notice.

No Remedy Exclusive

No remedy conferred upon or reserved to the Corporation is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given under the Lease Agreement now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient.

Trustee and Certificate Owners to Exercise Rights

Such rights and remedies as are given to the Corporation under the Lease Agreement have been assigned by the Corporation to the Trustee under the Assignment Agreement, to which assignment the City consents. Such rights and remedies shall be exercised by the Trustee and the Owners of the Certificates as provided in the Trust Agreement.

Security Deposit

Notwithstanding any other provision of the Lease Agreement, the City may, on any date, secure the payment of all or a portion of the Lease Payments remaining due by an irrevocable deposit with the Trustee or an escrow holder under an escrow deposit and trust agreement as referenced in the Trust Agreement, of: (a) in the case of a security deposit relating to all Lease Payments, either (i) cash in an amount which, together with amounts on deposit in the Lease Payment Fund and the Insurance and Condemnation Fund, is sufficient to pay all unpaid Lease Payments, including the principal and interest components thereof, or (ii) Defeasance Obligations in such amount as will, in the written opinion of an independent certified public accountant, together with interest to accrue thereon and, if required, all or a portion of moneys or Federal Securities or cash then on deposit and interest earnings thereon in the Lease Payment Fund and the Insurance and Condemnation Fund, be fully sufficient to pay all unpaid Lease Payments on their respective Lease Payment Dates (or date of prepayment, if applicable); or (b) in the case of a security deposit relating to a portion of the Lease Payments, a certificate executed by a City Representative designating the portion of the Lease Payments to which the deposit pertains, and either (i) cash in an amount which is sufficient to pay the portion of the Lease Payments designated in such City Representative's certificate, including the principal and interest components thereof, or (ii) Defeasance Obligations in such amount as will, together with interest to be received thereon, if any, in the written opinion of an independent certified public accountant, be fully sufficient to pay the portion of the Lease Payments designated in the aforesaid City Representative's certificate.

In the event of a deposit as to all Lease Payments and the payment of all fees, expenses and indemnifications owed to the Trustee, all obligations of the City under the Lease Agreement shall cease and terminate, excepting only the obligation of the City to make, or cause to be made, all payments from the deposit made by the City, and title to the Leased Property shall vest in the City on the date of said deposit automatically and without further action by the City or the Corporation. Said deposit and interest earnings thereon shall be deemed to be and shall constitute a special fund for the payments provided for by such deposit and said obligation shall thereafter be deemed to be and shall constitute the installment purchase obligation of the City for the Leased Property. Upon said deposit, the Corporation will execute or cause to be executed any and all documents as may be necessary to confirm title to the Leased Property in accordance with the provisions of the Lease Agreement. In addition, the Corporation appoints the City as its agent to prepare, execute and file or record, in appropriate offices, such documents as may be necessary to place record title to the Leased Property in the City.

Prepayment Option

The Corporation grants an option to the City to prepay the principal component of the Lease Payments in full, by paying the aggregate unpaid principal components of the Lease Payments, or in part, in a prepayment amount equal to the principal amount of Lease Payments to be prepaid, together with the premium set forth in the Lease Agreement.

Said option may be exercised with respect to Lease Payments due on and after September 15, 20__, in whole on any date or in part on any Lease Payment Date, commencing September 15, 20__. Said option shall be exercised by the City by giving written notice to the Corporation and the Trustee of the exercise of such option at least forty-five (45) days prior to said Lease Payment Date. Such option shall be exercised in the event of prepayment in whole full, by depositing with said notice cash in an amount, which, together with amounts then on

deposit in the Insurance and Condemnation Fund and the Lease Payment Fund, will be sufficient to pay the aggregate unpaid component of the Lease Payments on said Lease Payment Date, and premium, if any, together with any Lease Payments then due but unpaid, or, in the event of prepayment in part, by depositing with said notice cash in an amount divisible by \$5,000 equal to the amount desired to be prepaid together with any Lease Payments then due but unpaid. In the event of prepayment in part, the partial prepayment shall be applied against Lease Payments in such order as shall be designated by the City (and in lieu of any designation, in inverse order of payment date). Lease Payments due after any such partial prepayment shall be in the amounts set forth in a revised Lease Payment schedule which shall be provided by, or caused to be provided by, the City to the Trustee and which shall represent an adjustment to the schedule taking into account said partial prepayment.

Mandatory Prepayment From Net Proceeds of Insurance, Title Insurance or Eminent Domain

The City shall be obligated to prepay the Lease Payments, in whole on any date or in part on any Lease Payment Date, from and to the extent of any Net Proceeds of an insurance, title insurance or condemnation award with respect to the Leased Property theretofore deposited in the Lease Payment Fund for such purpose pursuant to the Trust Agreement.

SITE LEASE

The City agrees under the Site Lease to lease the Leased Property to the Corporation and the Corporation agrees to lease the Leased Property from the City, upon the terms and conditions set forth in the Site Lease. The term of the Site Lease terminates on the date on which the Lease Agreement terminates, or, in the case that any Lease Payments remain unpaid on such date, the Site Lease terminates once all Lease Payments are paid in full. The Corporation is to use the Leased Property solely for the purpose of leasing the Leased Property to the City pursuant to the terms of the Lease Agreement.

ASSIGNMENT AGREEMENT

The Assignment Agreement is entered into between the Corporation and the Trustee, pursuant to which the Corporation assigns and transfers to the Trustee, for the benefit of the Owners, the rights of the Corporation under the Lease Agreement, including the right to receive Lease Payments under the Lease Agreement and the rights and remedies of the Corporation under the Lease Agreement to enforce payment of Lease Payments or otherwise to protect and enforce the Lease Agreement in the event of default by the City. Certain rights of the Corporation to payment of advances, indemnification and attorneys' fees and expenses are not assigned.

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APPENDIX C

**AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

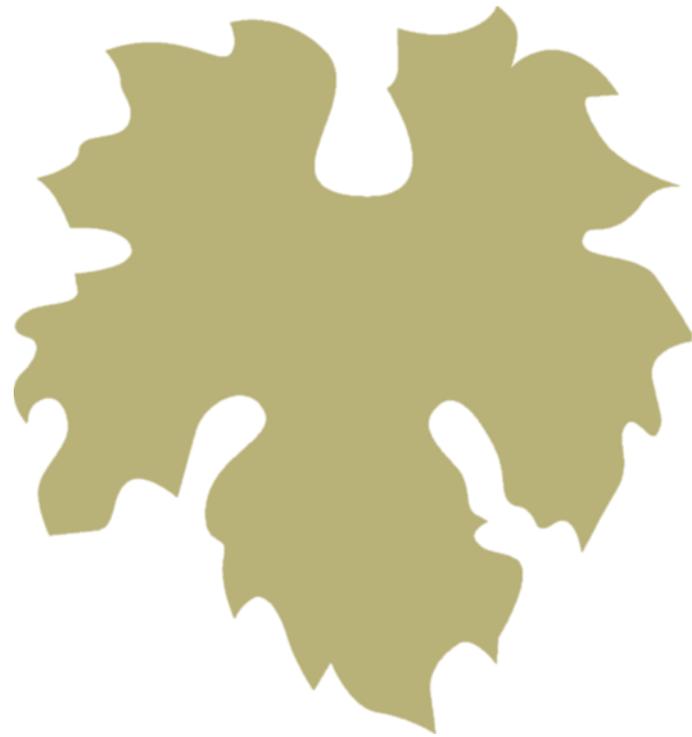
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Comprehensive
Annual
Financial
Report

FISCAL YEAR 2018-19





Cover Photos

Cover page photographs are taken by Laurie Ong.

Comprehensive Annual Financial Report

For the Year Ended June 30, 2019

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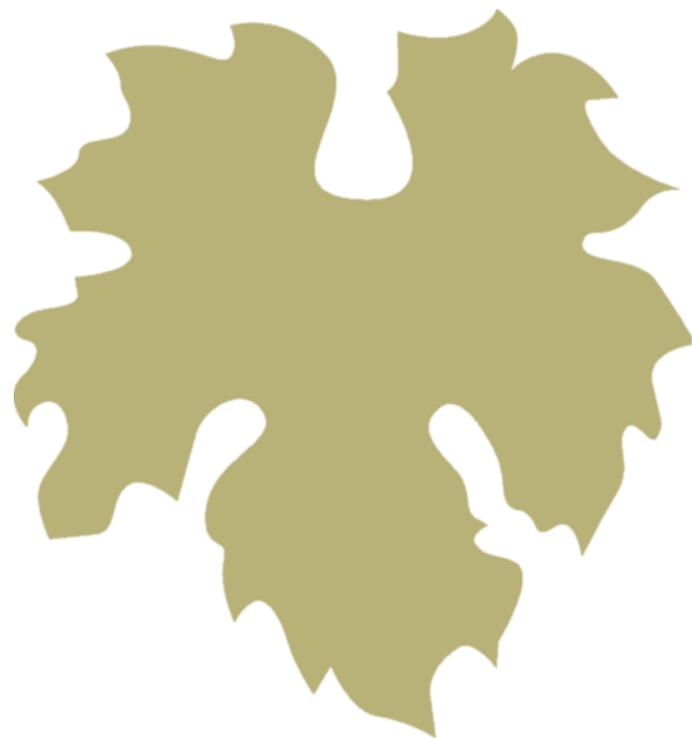


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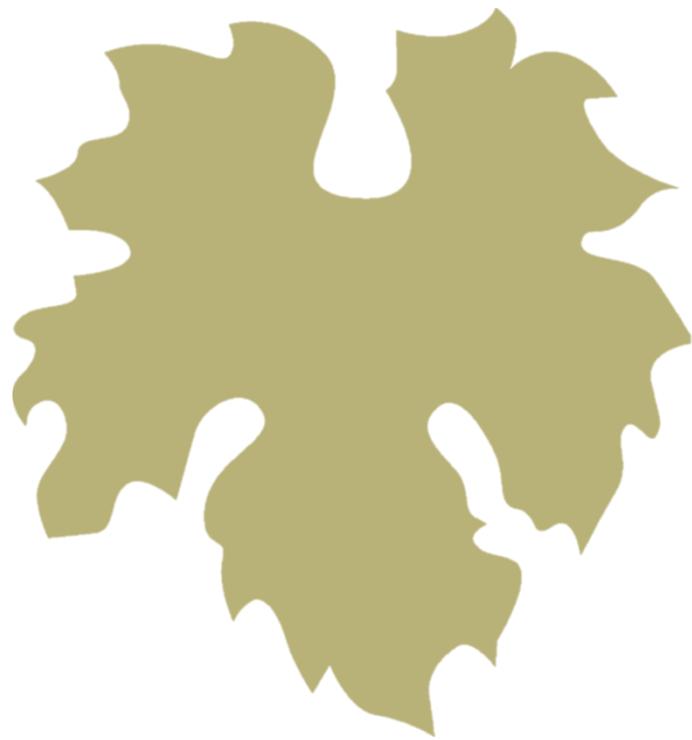
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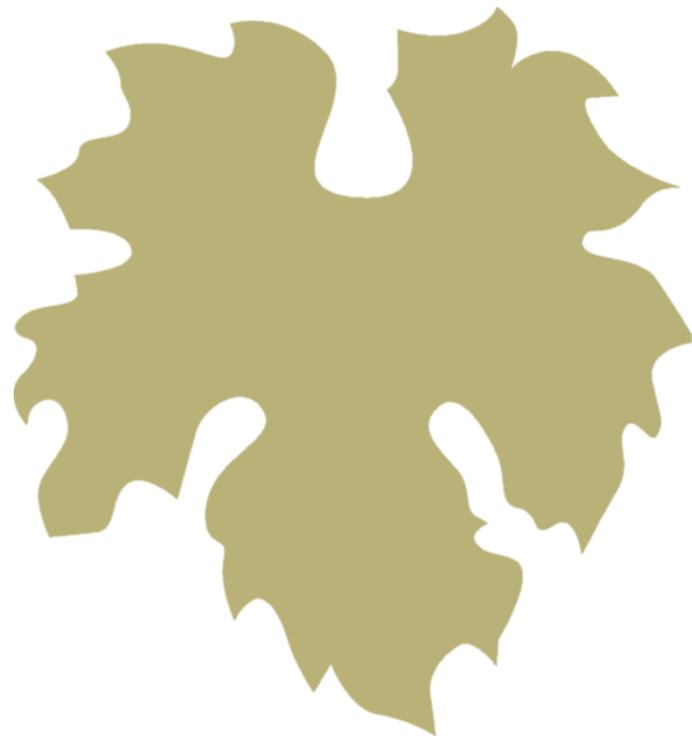
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INTRODUCTORY
SECTION





September 30, 2019

Honorable Mayor and Members of the City Council:

I am pleased to present the City's Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2019. State law requires that every general purpose local government publish, within six months of the close of each fiscal year, a complete set of audited financial statements. This report fulfills that requirement for the fiscal year ended June 30, 2019.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

The data in this report is presented in a manner that is designed to fairly set forth the financial position and results of operations of the City of Livermore (the City). It contains the disclosures necessary to promote in-depth understanding of the City's financial affairs and evaluate its financial condition.

The City's financial statements have been audited by Maze & Associates Accountancy Corporation located in Pleasant Hill, California. The independent auditors concluded, based on their audit, that there was a reasonable basis for rendering an unmodified (or "clean") opinion that the City of Livermore's financial statements for the fiscal year (FY) ended June 30, 2019 are fairly presented in conformity with generally accepted accounting principles. The independent auditor's report is the first item presented in the financial section of this report.

In addition to the financial audit, each year the City is required to undergo an audit of federal grant expenditures. That report is commonly referred to as a Single Audit report and is issued as a separate document and is not included herein. The Single Audit report includes the Schedule of Expenditures of Federal Awards, Findings and Recommendations, and an auditor's report on the internal control structure and compliance with applicable laws and regulations.

The provisions of Governmental Accounting Standards Board (GASB) Statement 34, "Basic Financial Statements—and Management's Discussion & Analysis—for State and Local Governments" requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements entitled, "Management Discussion & Analysis" (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with the MD&A, which can be found immediately following the report of the independent auditors in the financial section of the CAFR.

Profile of the City of Livermore

The City of Livermore, incorporated on April 1, 1876, is located on the southeasterly boundary of Alameda County. The City of Livermore is a General Law city and has the power to make and enforce ordinances and regulations with respect to municipal affairs to the extent expressly permitted or implied by the California constitution or specific legislation. The City government is organized under the Council-Manager form of local government. The five-member City Council is elected at large for overlapping four-year terms. The City Council includes an elected Mayor whose term of office is two years. The City Council appoints the City Manager and City Attorney to carry out its adopted policies. In addition, the City Council appoints members of advisory Commissions, Committees, and Boards.

The City Council is responsible for adopting the biennial budget on or before June 30 for each of the ensuing two fiscal years, which serves as the foundation for the City's financial planning and control. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is maintained at the fund level. The City Manager may transfer resources within a fund. Supplemental appropriations and budget transfers between funds and projects, however, need approval from the City Council. The City's budgetary procedures are further discussed in Note 2 of the notes to the basic financial statements.

The City, with 408.75 full-time equivalent employees, provides a wide range of services to a residential population of 91,039. These services include public safety (police, fire, building inspection, water, and sewer); street and landscape maintenance; street lighting; planning and public improvements; public libraries; general administrative services, and municipal airport. Fire safety services are provided by a Joint Powers Authority, Livermore Pleasanton Fire Department (LFPD). Aside from the municipal golf course facility, the City does not provide recreation and leisure services. Recreational services are provided to residents by the Livermore Area Recreation and Park District (LARPD), a special district governed by a separately elected board.

The City is also financially accountable for a legally separate Livermore Capital Projects Financing Authority (LCPFA), which is reported within the City's financial statements as a blended component unit. Additional information on this legally separate entity can be found in the notes to the financial statements (see Note 1A).

Local Economy

The information presented in the financial statements is perhaps better understood when it is considered from the broader perspective of the specific environment within which the City operates.

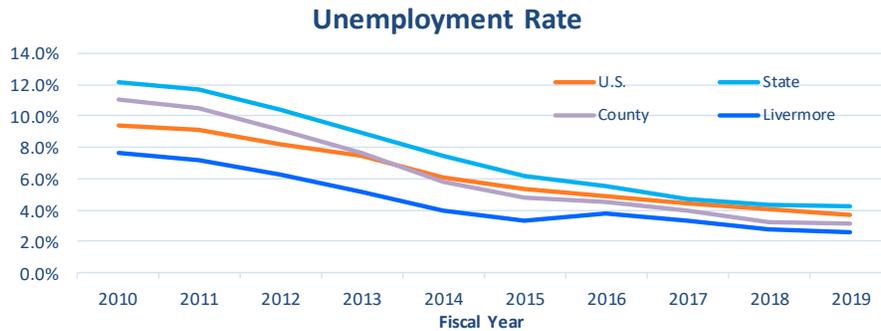
The City is the easternmost city in the San Francisco Bay Area situated in the growing Tri-Valley area which contains the cities of Pleasanton, Livermore, Dublin, and San Ramon. Livermore is conveniently located near two major freeways, I-580 and I-680, and is close to the metropolitan areas of San Francisco, Oakland, and San Jose. In addition to its proximity to the Oakland, San Francisco and San Jose International Airports, the City of Livermore owns and operates the Livermore Municipal Airport. This general aviation airport services private and corporate customers, and records more than 146,000 takeoffs and landings annually.

Livermore is the home of two world-renowned national laboratories: Lawrence Livermore National Laboratory (LLNL) and Sandia National Laboratories (SNL). The laboratories are premier science and technology research facilities, which conduct some of the nation's most innovative research related to several national programs, including security, combustion and renewable energy, water resources and biosciences. The presence of the laboratories attracts other technology and industrial companies as well as professional services businesses. Gillig, a leading transit bus manufacturing company, and Dräxlmaier, an automotive supplier, recently built facilities in Livermore. In addition, one of the largest retail outlet malls in California is located in Livermore, and is home to over 170 leading designer and name brand outlet stores.

Livermore Valley Wine Country is one of the oldest wine regions in California. The Livermore Valley area boasts over 50 wineries. Livermore is surrounded by award-winning wineries, farmlands, and ranches that mirror the valley's history. Less than an hour east of San Francisco, Livermore Valley Wine Country's picturesque canyons and ridges welcome locals and visitors to the valley's vineyards and tasting rooms, which are an integral part of Livermore's quality of life. Popular wine bars, tasting rooms and boutique wine shops thrive in downtown Livermore as well.

The following chart shows a ten-year comparison of unemployment rates for the state and local areas as well as the U.S. by fiscal year. UCLA Anderson Forecast estimates total employment growth for California for 2020 and 2021 to be 0.8% and 0.4% respectively. California's unemployment rate is expected to remain at its normal differential to the U.S. rate and is expected to increase to 4.3% and 4.4% in 2020 and 2021 respectively.

Livermore’s unemployment rate of 2.6 percent continues to rank below the average unemployment rates experienced at the county, state, and national levels. Employment in Livermore has historically been less volatile due to the presence of major public sector employers. Besides the City, two national laboratories, a school district, a community college, and a park and recreation district are major government employers in the City. Additionally, San Francisco Outlets provides over 2,000 retail jobs thus improving the City’s employment rate.



Source: Bureau of Labor Statistics

As seen in the chart below, the largest industries in the City are Professional, Scientific, & Technical Services (7,120 people), Retail Trade (5,095 people), and Manufacturing (4,734 people), and the highest paying industries are Utilities (\$110,347), Professional, Scientific, & Technical Services (\$102,911), and Management of Companies & Enterprises (\$101,011).

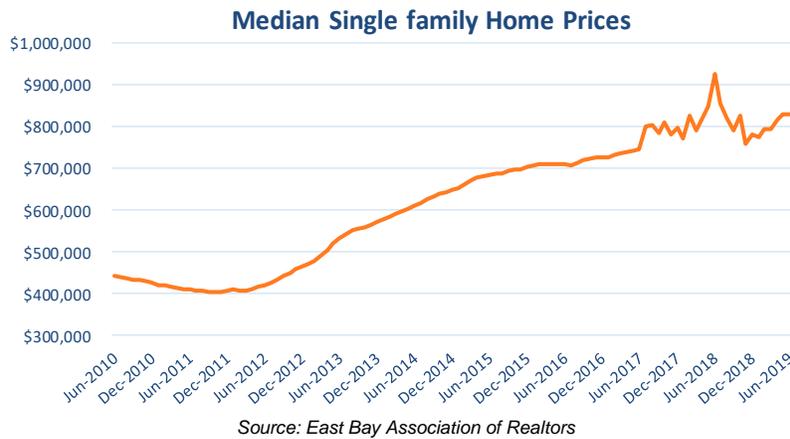
Total: 47.1k



Source: Data provided by the Census Bureau ACS 5-year estimate; Chart provided by <https://datausa.io/profile/geo/livermore-ca/>

Median household incomes within the City are higher than the state as a whole. According to the U.S. Census Bureau 2013–2017 American Community Survey, the City’s median family income was \$109,084 while the County’s was \$85,743 and the State’s was \$67,169.

Livermore’s Housing market has started to cool down during the current fiscal year. As reported by the East Bay Association of Realtors, the median sales price for a single-family residence in Livermore has dropped 10.0 percent from \$925,000 in June 2018 to \$828,750 in June 2019 and the number of total home sales declined 5.8 percent from 1,233 in FY 2017-18 to 1,161 in FY 2018-19.

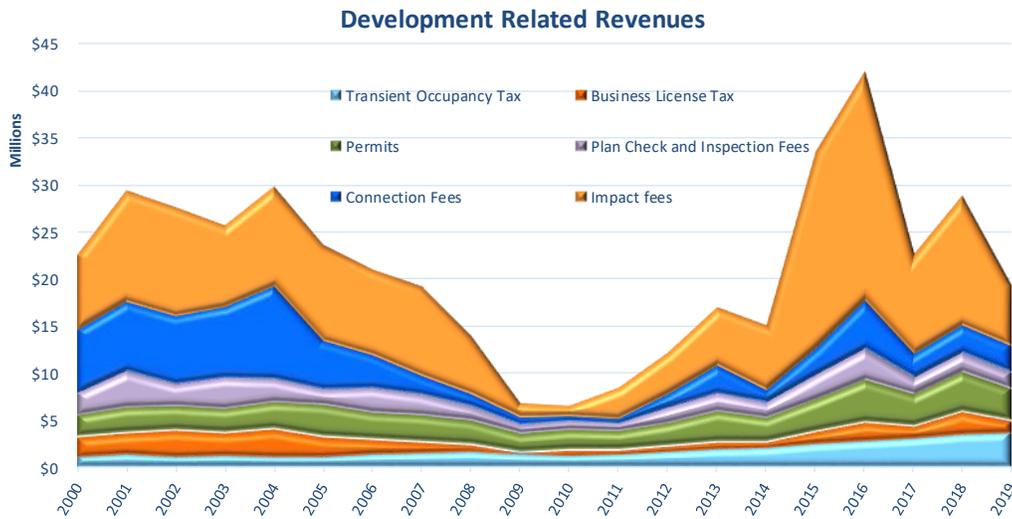


The State Constitution establishes a maximum rate for property tax and limits the growth of assessed value to no more than 2 percent per year. Assessed property value is reassessed to market value only when the property changes ownership. This practice creates a constant lag and buffer between assessed and market values, effectively insulating the tax base from market volatility. California voters passed Proposition 8 in 1978, which allows for a temporary decrease in the assessed valuation when the market value of a home declines to less than the value assessed by the County. When the property value is restored due to increases in the market, the assessor can increase the taxable value by more than 2%, but never more than it would be if there had not been the temporary reduction. Therefore, homes that received a temporary reduction in assessed valuation may experience an increase of greater than two percent in a single year. There is still approximately \$71 million (or 3.2% of the properties) left to be restored on the homes reduced during recession.

Property taxes are determined based upon assessed values. Property-related tax revenues have experienced strong growth in the current fiscal year. In FY 2018-19, assessed property valuation increased 7% (or \$1.2 billion) from prior year to \$19.5 billion, a historic high. This strong growth is attributed to increase in real property values, new development, transfer of ownership, and restoration of the temporary reduction in assessment valuation due to Proposition 8 that occurred during the housing market collapse. Since property tax is one of the City’s largest source of the General Fund revenues, the health of the local real estate market and associated change in property assessed values are key indicators of the City’s financial outlook.

An important indicator of the local economy is retail sales. Sales tax revenues are highly sensitive to economic conditions such as levels of unemployment, job growth, consumer confidence, and per-capita income. It is important to be aware that the City derives 20% of all sales tax revenue received from a very small geographic area which focuses upon retailing consumer goods. There are other concerns, including the trend away from brick and mortar retail to internet shopping which has the potential to undermine sales tax revenue since the City receives a smaller portion of sales tax revenues from on-line sales compared to in-store sales. Consumer taste changes, as well as direct competition from similar retail centers being built within the region, could also threaten this critical revenue source. Based on fiscal year 2019-20 projections, the City estimates sales tax revenue will continue to reflect growth, but at a slower pace.

Development-related revenue is the City’s third largest revenue type. The development related revenues such as permits, business license taxes, plan check fees, and transient occupancy taxes are the most volatile of the City’s major revenue categories and are considered “leading” economic indicators foreshadowing where the overall economy is likely heading. The City anticipates that the development related revenues will decrease over the next two years as the economy slows down.



Long-Term Financial Planning

Although Livermore’s current financial picture is positive, there are plenty of reasons for concern when we look out further on the financial horizon. The City is on a steady financial course, but still strives to achieve long-term financial stability, which is linked to adequately funding its long-term liabilities. While General Fund reserves are currently fully funded, future liabilities, investment in downtown development, homelessness crises, increasing employee costs, and deferred infrastructure maintenance temper the City’s progress.

The single largest unaddressed financial challenge the City faces is the maintenance and replacement of its infrastructure. The City is in the process of developing a comprehensive infrastructure repair and replacement plan so that adequate resources are available when needed. In the meantime, Council directed staff to establish an Infrastructure Repair and Replacement Reserve to begin accumulating the resources necessary to address the City’s aging infrastructure as part of the Council goal and priority of Asset Management. One of the City’s strategies to contain costs and leverage the buying power is to save now, while the economy is doing well, so that resources are available during the next economic downturn in order to take advantage of better pricing which typically occurs in that part of the cycle. The City will need approximately two billion dollars to replace general government infrastructure in addition to another billion dollars to replace enterprise fund maintained infrastructure. Staff currently estimates that the City (like many local governmental agencies in the nation) is underfunding infrastructure maintenance by several million dollars per year. The City has started funding a reserve with \$2.0 million annually from General Fund. The City has accumulated \$8.0 million in this reserves as of June 30, 2019.

Rising pension costs will continue to be a challenge for most public agencies. The City contributes to the California Public Employees’ Retirement System (CalPERS) for its Miscellaneous and Safety Police retirement plans. Recently CalPERS changed its actuarial assumptions related to mortality rates as well as rate “smoothing assumptions”, with the effect of further increasing employer contribution rates. CalPERS has implemented a 20-year rate amortization and a five-year phase-in effective from fiscal year 2016-17. The City’s “second tier” pension plan (2% at 60) coupled with the Public Employee Pension Reform Act (PEPRA) will reduce employee pension costs in the long-term. The City staff will continue to monitor CalPERS changes and suggest prudent strategies to address these increases as the opportunities arise.

The FY 2019-21 Financial Plan allocates approximately \$30.1 million for General Fund resources for capital improvements, representing a significant investments in the Downtown in order to address the adopted City Council Goals and Priorities. The Downtown Development Plan projects include constructing Veterans Way, expanding parking structures, various demolition and site pre work, Stockmen’s Park, and Livermorium Park. Other, non-

Downtown related General Fund projects include automated license plate readers, Civic Center Meeting Hall and Hagemann Farm improvements.

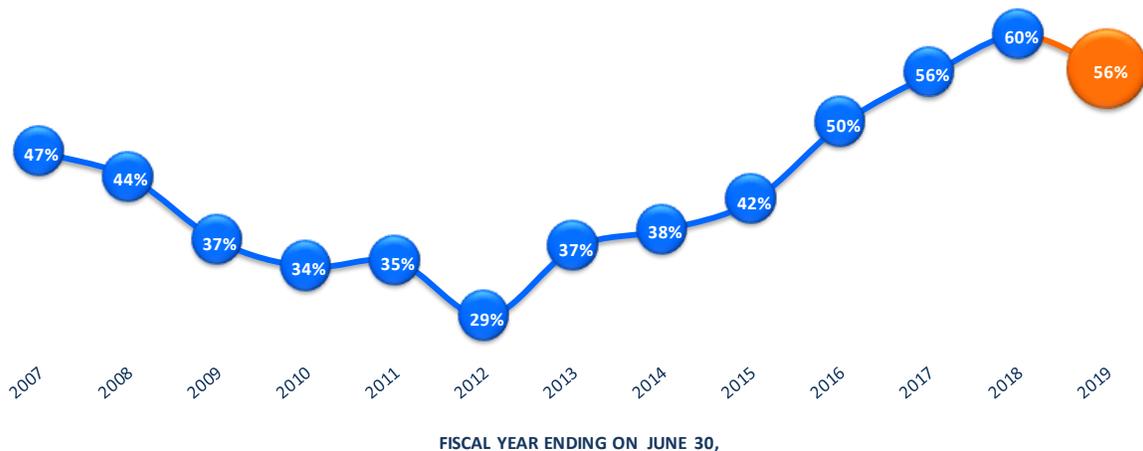
The City of Livermore, along with the San Francisco Bay Area and much of California, is in the middle of a homelessness crisis. Strong economy coupled with housing shortage has led to median home values skyrocketing throughout the Bay Area. As mentioned above, median home price for a single family home is \$828,750 on June 30, 2019. To purchase a median priced home with 10% down requires approximately \$83,000 for down payment, \$25,000 for closing costs, and \$165,000 in annual household income. The average market rent in Livermore for a two-bedroom apartment is \$2,600 per month. A household will need an annual average income of \$104,000 to afford this level of rent.

The Alameda County Point-in-Time Count is a comprehensive count of local homelessness individual conducted every two years by the County. The total number of people experiencing homelessness in Alameda County increased 43% from between 2017 and 2019. The 2019 homeless count identified 264 homeless individuals in Livermore, an increase of 11% from 2017. Livermore rate of homelessness is 29.0 homeless per 10,000 population. Affordable Housing and Homelessness is one of the City Council priorities. The City is evaluating comprehensive approaches to address the housing, resource needs, safety net infrastructure, and health and safety concerns of those in need, with the goal of helping people move toward self-sufficiency.

A five-year Financial Plan for General Fund is included in the City’s adopted budget. This is a valuable financial planning management tool, especially in challenging financial times, which assists the City Council in setting priorities and educating the community on the long-term state of the City’s finances. Inflation and historical growth rates are used to predict levels of expenditures. The expenditure base and revenue base are then adjusted for discrete changes that may occur within the five-year forecast period such as the completion of a major project, addition of a major employer or retail center, or the loss of revenues due to State take-aways.

Perhaps the best measure of the City’s ability to withstand an economic downturn while maintaining current service levels and building sustained growth for the future is its level of fund balance reserves. In general, a city should maintain sufficient reserves to mitigate potential emergency scenarios. The City had committed to building and maintaining General Fund reserves equal to at least 30% of annual General Fund budgeted expenditures and transfers related to debt service.

Ratio of Fund Balance to Total Expenditures and Transfers-out



Major Initiatives and Future Projects

As part of the biennial budget process, the City Council sets goals and priorities for the two-year budget cycle. Council goals comprise of high-priority tasks or programs that the City Council intends to address during the budget plan cycle, though attainment of these goals may take several years. The key initiatives included in the adopted biennial budget for FY 2019-21 are as follows:

1. **Asset Management:** Establish a comprehensive Asset Management Program, ensuring the community continues to receive vital services through a sustainable infrastructure strategy.
2. **Downtown:** Enhance the City's vibrancy by completing critical projects downtown, ensuring the right balance of local amenities to support quality of life.
3. **Emergency Management and Public Safety:** Establish a comprehensive emergency management program ensuring staff and community readiness, and expand the use of technology enhancing public safety.
4. **Encourage an Innovation Driven Economy:** Encourage an innovation-driven economy, supporting revenue-generating businesses, high-quality jobs, entrepreneurs, and unique experiences for residents and visitors.
5. **Homelessness and Affordable Housing:** Establish a homelessness strategy, engaging local partners to develop a coordinated response, and expand diversity of affordable housing opportunities.

Some of the achievements related to the City Council's goals and priorities made during the current fiscal year include the following:

- The City made extensive progress on the construction of the Civic Center Meeting Hall, which includes the City's Emergency Operations Center and new Council Chambers named after former Mayor John Shirley.
- Facilitated the training of over 97% of City staff on the National Incident Management System and the Standardized Emergency Management System, which is required training to be eligible for federal grant funding associated with mitigation, training and post-disaster public assistance.
- The Asset Management Program reduced the City's annual maintenance funding needs by more than 8%, or approximately \$3.3 million per year.
- City Council approved the Downtown Plan after a year-long community outreach process, including a Steering Committee. The plan addresses the community's top priorities: parking, community character and open space.

Plan elements implemented so far include the completion of Veterans Way and interim parking improvements, and breaking ground on Stockmen's Park. This Park will be located south of Blacksmith Square on Livermore Avenue. The 1.5-acre, horseshoe-shaped park will honor Livermore's veterans and ranching heritage. It will also serve as the focal point of over 3.5 acres of public open space and green space running from Livermore Avenue to South L Street.



- Created the City Council Subcommittee and a Homeless Strategy subcommittee of City staff, Livermore Police Homeless Liaison Officers and outside agencies to develop recommendations to the City Council for homeless strategies' framework.

- Begun work with Satellite Affordable Housing and Interfaith Housing on their proposal to develop a 2.5-acre City parcel into 140 units of affordable senior housing.

Several other major commercial and industrial developments projects include the following:

- A new 2,348 square feet Wendy's restaurant.
- An approximately 372,500 square foot warehouse/distribution building with 29,000 square feet of office use on an approximately 19.1-acre site.
- A 54,450 square foot freight distribution facility, consisting of approximately 48,592 square feet of warehouse/distribution space and approximately 5,858 square feet of office space.
- Construction of an approximately 42,920 square foot warehouse addition to an existing 68,103 square foot warehouse building for the Stanford University Auxiliary Library.
- A 77,500 square foot industrial warehouse building, consisting of approximately 65,000 square feet of warehouse space and approximately 12,000 square feet of office space.
- Approximately 111,172 square foot industrial warehouse building, consisting of approximately 103,372 square feet of warehouse space and approximately 7,800 square feet of office space.

Relevant Financial Policies

Fund Balance Policy: In June 2016, the City Council adopted a resolution updating the Livermore Fund Balance Policy to maintain the fiscal stability of the organization, to help maintain the City's credit worthiness, and to provide funds for economic uncertainties, contingencies and cash flow requirements. The General Fund Financial Stabilization Operating Reserve is set at 15 percent of budgeted operating expenditures plus debt service transfers to be used in a catastrophic event or in a major emergency or in periods of severe fiscal crisis. The General Fund Economic Uncertainty Reserve is set at 13.5 percent of budgeted operating expenditures plus debt service transfers to be used during times of severe economic distress such as protracted recessionary periods, State raids on local resources, or other impactful unforeseen events which greatly diminish the financial ability of the City to deliver core services. Minimum unassigned fund balance is set at 1.5 percent of the budgeted operating expenditures plus transfers for debt service.

Infrastructure Repair and Replacement Funding: Beginning with the 2015-16 fiscal year, the Council established an informal Infrastructure Repair and Replacement Reserve to begin accumulating the resources necessary to address the City's aging infrastructure and facilities. The City has started to set aside \$2 million annually of general fund discretionary resources towards Infrastructure Repair and Replacement Reserve.

Debt Management and Disclosure policy: The City's Debt Management and Disclosure Policy is intended to ensure compliance by the City with all applicable federal and state securities laws and regulations; to achieve the highest practical credit ratings within the context of the City's financing needs and financing capabilities; and to establish maximum limits on the amounts of debt outstanding and the amount of annual debt service the City will consider. This policy sets a ceiling for the cumulative annual payments related to debt from the General Fund at 7.5 percent of the previous fiscal year's General Fund revenue.

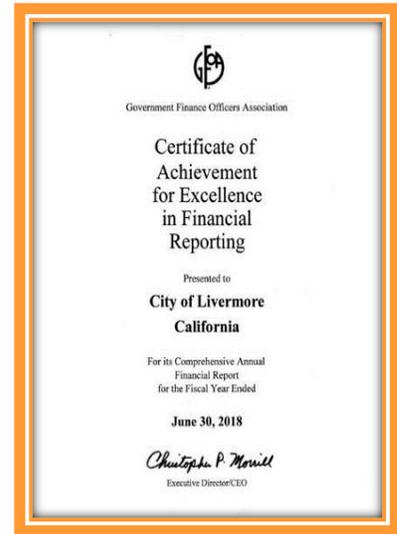
Timeliness of Financial Reporting Practices: The City believes that time is of the essence in the publication of Budget and Comprehensive Annual Financial Report documents. The budget is adopted before June 30 and loaded into the financial system on the first day of the new fiscal year. The CAFR publication date is generally within 100 days of the close of the fiscal year. The City's major financial documents are available on the web at www.cityoflivermore.net.

Achievement Awards

GFOA Financial Reporting Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Livermore for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2018. This was the twenty-seventh (27th) consecutive year that the City of Livermore has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles (GAAP) and applicable legal requirements.

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



GFOA Popular Annual Financial Reporting Award

The City summarizes and presents key financial information contained in the City's CAFR and other statistics and facts, in an easy to read and understandable manner that includes multi-year graphs to show annual changes and trends in its Popular Annual Financial Report (PAFR). The City received the GFOA's Award for Outstanding Achievement in Popular Annual Financial Reporting for its PAFR for the fiscal year ending on June 30, 2018. This prestigious national award recognizes conformance with the highest standards for preparation of state and local government popular reports. In order to receive this award, a government must publish a PAFR, whose contents conform to program standards of creativity, presentation, understandability, and reader appeal. An award for Outstanding Achievement in Popular Annual Financial Reporting is valid for a period of one year only.

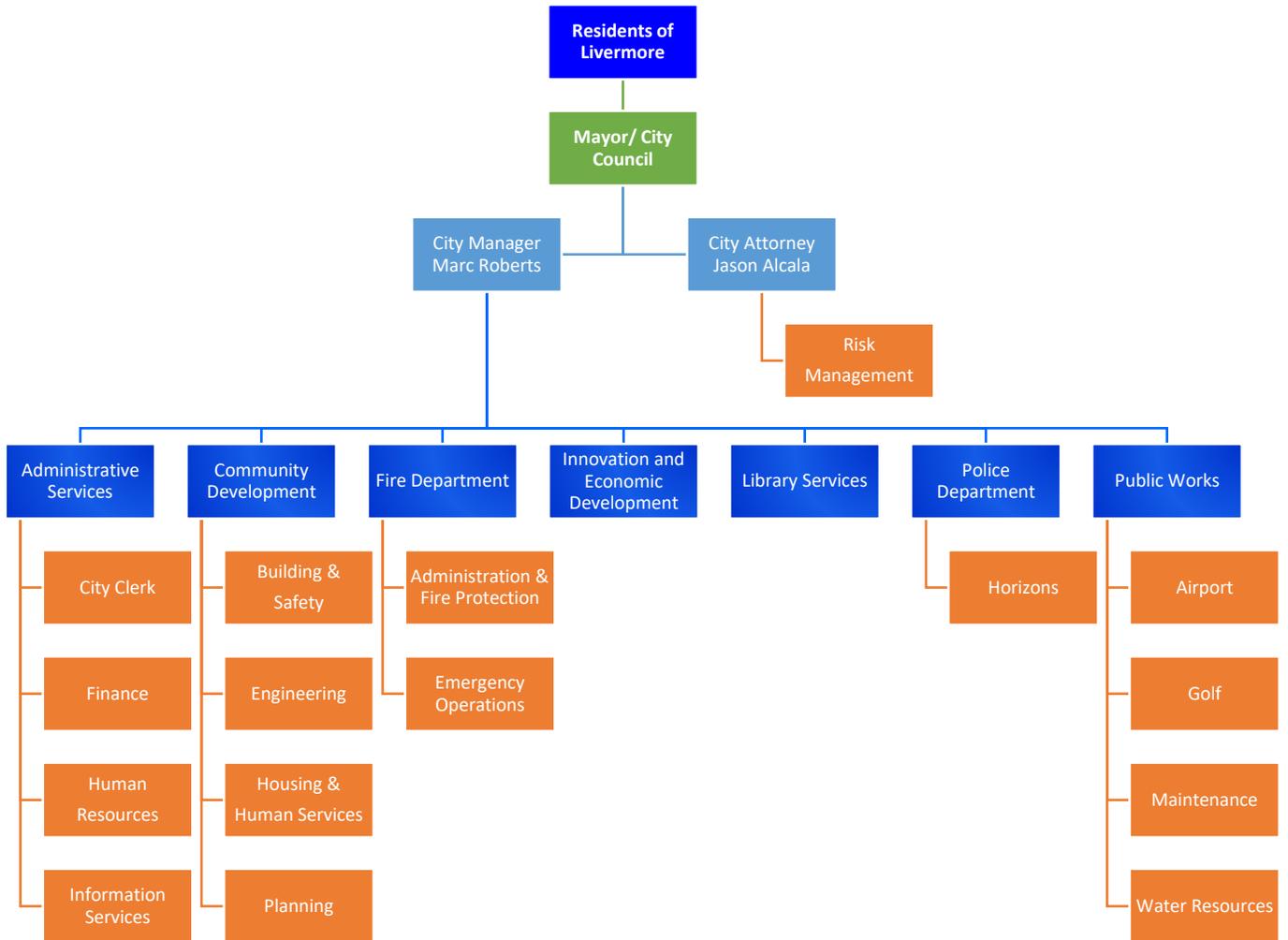
Acknowledgments

This report represents the culmination of dedicated efforts by City staff both inside and outside of the Finance Division. The preparation of this report on a timely basis could not have been accomplished without the hard work and team effort of the entire financial reporting staff. I wish to thank all departments for their assistance in providing the data necessary to prepare this report. I would like to express my appreciation and thanks to Grace Zhang and her staff at Maze & Associates Accountancy Corporation. Credit is also due to the mayor and the City Council members for their unfailing support for maintaining the highest standards of professionalism in the management of the City's finances.

Very truly yours,

Douglas Alessio
Administrative Services Director

Organization Chart
As of June 30, 2019



Directory of City Officials
As of June 30, 2019

Elected Officials



Mayor
John Marchand



Vice Mayor
Robert W. Carling



Council Member
Bob Coomber



Council Member
Trish Munro



Council Member
Bob Woerner

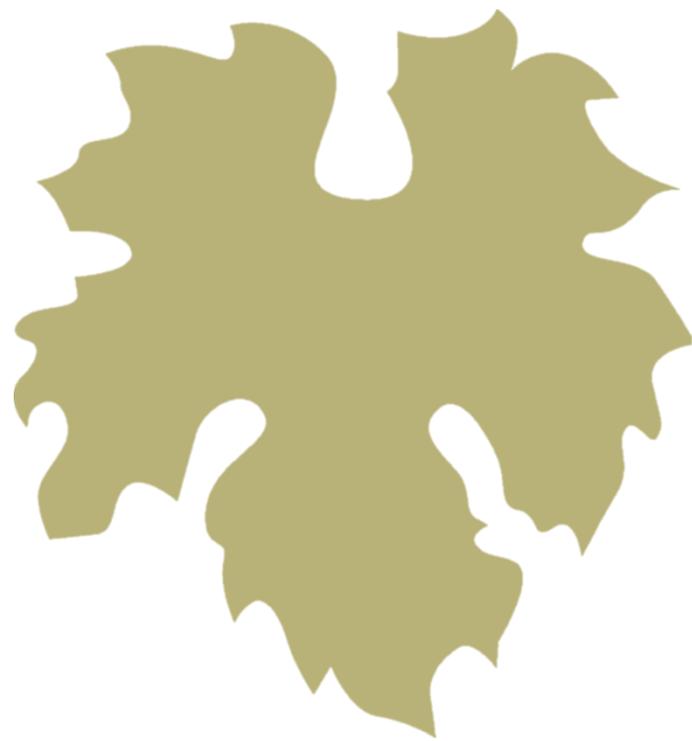
Executive Team

Marc Roberts
City Manager

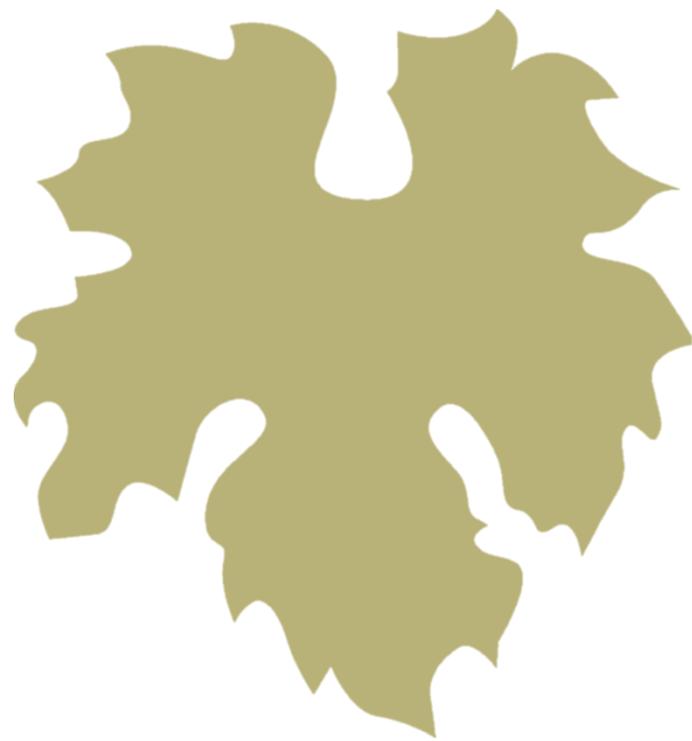
Jason Alcalá
City Attorney

Director of Administrative Services
Director of Community Development
Director of Innovation & Economic Development
Director of Library Services
Director of Public Works
Fire Chief (Acting)
Police Chief

Douglas Alessio
Paul Spence
Adam Van De Water
Tamera LeBeau
Scott Lanphier
Jeffrey Peters
Michael Harris



FINANCIAL
SECTION





INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members of the
City Council of the City of Livermore, California

Report on 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 Livermore, California (City), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the 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 City'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 City'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 and of the City as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof as part of the basic financial statements 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 Management's Discussion and Analysis and other required supplementary information as listed in the Table of Contents, 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.

Other 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 Introductory Section, Supplementary Information, and Statistical Section as listed in the Table of Contents are presented for purposes of additional analysis and are not required parts of the basic financial statements.

The Supplementary Information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 Supplementary Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

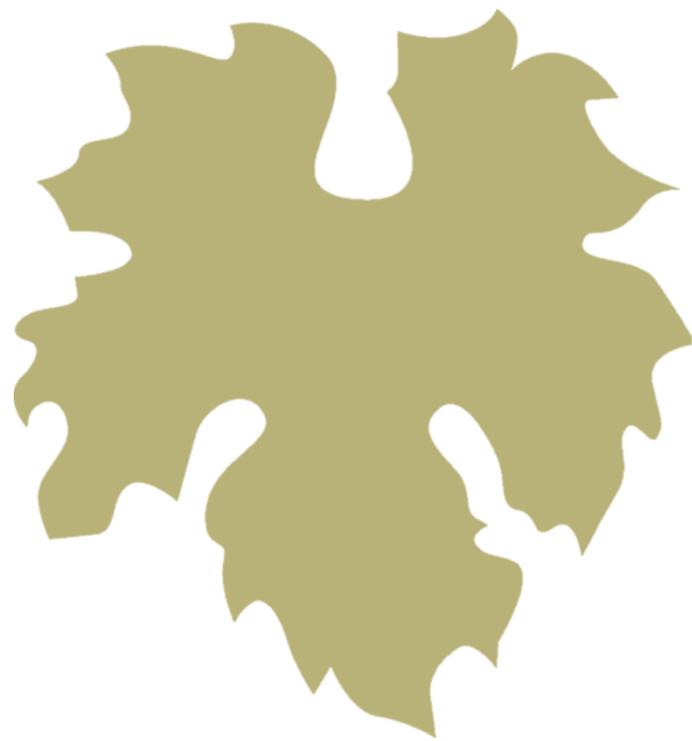
The Introductory and Statistical Sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

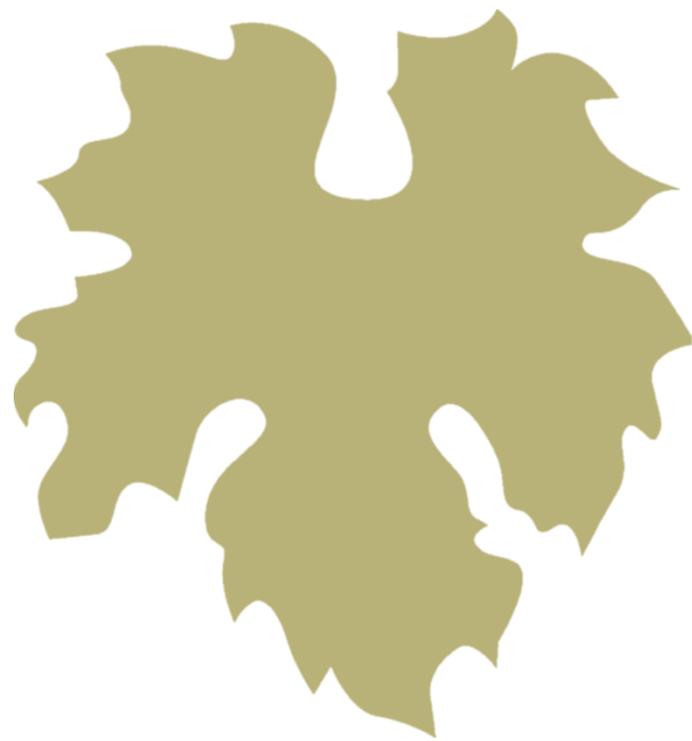
In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2019, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 the City's internal control over financial reporting and compliance.

Maze & Associates

Pleasant Hill, California
September 30, 2019



MANAGEMENT'S
DISCUSSION AND
ANALYSIS



MANAGEMENT'S DISCUSSION AND ANALYSIS

The purpose of the Management's Discussion and Analysis is to offer to the reader of the City's financial statements a narrative overview and analysis of the financial activities of the City of Livermore for the fiscal year ended June 30, 2019. The reader is encouraged to consider the information presented here in conjunction with the additional information furnished in the letter of transmittal, which can be found on pages 7-15 of this report.

(A) Financial Highlights

- The City made a prior period adjustment to correct an error in the recording of land available for sale which was received by the City in fiscal year 2005-06 from a developer in-lieu of affordable housing units. The City has restated the beginning fund balance of the Low Income Housing Special Revenue Fund effectively increasing the fund balance by \$1,958,572. See Note 9D to the Financial Statements for more information.
- The City closed down the Las Positas Golf Course (LPGC) Enterprise Fund during the current fiscal year and the General Fund assumed the assets as well as liabilities of the LPGC enterprise fund. See Note 1D to the Financial Statements for more information.
- The assets and deferred outflows of resources of the City of Livermore exceeded its liabilities and deferred inflows of resources at the close of the fiscal year 2019 by \$607.5 million (net position). Of this amount, \$85.0 million represents unrestricted net position, which may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's net position increased 2.1 percent (or \$12.2 million) for the current fiscal year from a net position balance of \$595.3 million in the prior fiscal year to \$607.5 million of which \$9.7 million was generated by governmental activities and approximately \$2.5 million was generated by business-type activities.
- The City's total outstanding debt decreased by \$4.5 million during the current fiscal year.
- At the close of the current fiscal year, the City's governmental funds reported combined fund balances of \$174.6 million, a decrease of \$12.1 million from the prior fiscal year's balance of \$186.7 million. Approximately 11.8 percent of this amount (\$20.7 million) is available for spending at the government's discretion (unassigned fund balance).
- At the end of the current fiscal year, unrestricted fund balance (the total of the committed, assigned, and unassigned components of fund balance) for the general fund was \$59.3 million, or approximately 51 percent of total general fund expenditures, and transfers out.

(B) Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: government-wide financial statements, fund financial statements, and notes to the basic financial statements. This report also contains supplementary information in addition to the basic financial statements.

Government-wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all of the City's assets, deferred outflows, liabilities, and deferred inflows with the difference reported as Net Position. Over time, increases or decreases in Net Position may serve as a useful indicator of whether the financial position of the City is improving or declining.

The *Statement of Activities* presents information showing how the City's Net Position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods. This is known as the full accrual basis of accounting.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or most of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include the following functions: General Government (city council, city manager, city attorney, city clerk, finance, human resources), fire, police, public services, community development, economic development, and library. The business-type activities of the City include airport, water, sewer, stormwater and golf course.

The government-wide financial statements include not only the City itself (known as the primary government) but also the activities of its legally separate component unit, the Livermore Capital Projects Financing Authority (LCPFA). Since the City Council acts as the governing board for LCPFA and because this component unit functions as part of the City government, its activities are blended with those of the primary government. The government-wide financial statements can be found on pages 46-47 of this report.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been designated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental Funds

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

The focus of fund financial statements is narrower than that of government-wide financial statements. It is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, the reader may better understand the long-term impact of the City's near-term financing decisions.

Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate the comparison between governmental funds and governmental activities. This is required because the government-wide statements are prepared on the full accrual basis of accounting while the fund statements are prepared on the modified accrual basis of accounting.

The governmental fund financial statements provide separate information for all major funds, while non-major funds are combined in a single column. In the FY 2018-19, the City identified three major governmental funds, which are the General Fund, the Low Income Housing Fund, and the Housing Successor Fund.

Proprietary Funds

The City maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its airport, water, sewer, stormwater, and golf course activities. *Internal service funds* are used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for the management of its retained risk for general liability and workers' compensation, and for its fleet and equipment services, information technology, and facilities rehabilitation.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for all five of the City's enterprise funds. These funds are Airport, Water, Sewer, Stormwater, and Las Positas Golf Course. All of the City's internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the *Supplemental Information* section of this report.

Fiduciary Statements

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds activities are excluded from the City's government-wide financial statements because the City cannot use these assets to finance its own operations.

The City maintains three different types of fiduciary funds. The Private-Purpose Trust Fund is used to account for the assets and liabilities held in trust for the Successor Agency to the former Redevelopment Agency; the OPEB Pension Trust Fund is used to account for the assets and liabilities held in trust for the retirees' post-employment health benefits; and the Agency Fund is used to account for monies collected and disbursed in a custodial capacity for the Mello-Roos districts and other agencies. The fiduciary fund financial statements can be found on pages 60-61.

Notes to the Basic Financial Statements

The notes to the basic financial statements provide important additional information that is essential to a full understanding of the data reported in the government-wide and fund financial statements. The notes to the basic financial Statements are found on pages 65-112.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information related to the City's changes in net pension liability, employer's contribution to the pension plans, the Schedule of Changes in the City's OPEB Liability, the Schedule of Contributions for other post-employment benefits, and the budgetary comparison schedules for major governmental funds. Required supplementary information can be found on pages 115-126.

Individual fund data for non-major governmental funds, internal services funds, and fiduciary funds are presented immediately following the required supplementary information beginning on page 129 through page 160 of this report.

(C) Government-wide Financial Analysis

As noted earlier, the City's net position may serve over time as a useful indicator of whether the City's financial position is improving or deteriorating. Other factors, such as market conditions, should be considered when measuring the City's overall financial position. This analysis focuses on the net position and changes in net position of the City as a whole. In the case of the City, total government-wide assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$607.5 million, at the close of the most recent fiscal year.

By far, the largest portion of the City's net position (\$441.0 million or 73 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, vehicles, and infrastructure), less any related outstanding debt that was used to acquire those assets. The City uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Livermore Net Position (in Millions)						
	Governmental activities		Business-type activities		Total	
	2019	2018	2019	2018	2019	2018
Assets:						
Cash and investments	\$ 195.0	\$ 198.9	\$ 116.7	\$ 104.8	\$ 311.7	\$ 303.7
Other assets	14.6	8.3	23.3	21.5	37.9	29.8
Capital assets	370.9	352.8	141.0	154.2	511.9	507.0
Total assets	580.5	560.0	281.0	280.5	861.5	840.5
Total Deferred outflows of resources	23.7	28.0	3.2	4.1	26.9	32.1
Liabilities:						
Long-term debt outstanding	64.2	64.7	8.7	12.7	72.9	77.4
Net Pension liability	101.7	104.8	15.9	16.3	117.6	121.1
Net OPEB liability	39.5	40.8	6.9	7.5	46.4	48.3
Other liabilities	30.8	24.1	5.2	3.9	36.0	28.0
Total liabilities	236.2	234.4	36.7	40.4	272.9	274.8
Total Deferred inflows of resources	6.9	2.2	1.1	0.3	8.0	2.5
Net position:						
Net investment in capital assets	308.5	290.3	132.5	141.8	441.0	432.1
Restricted	81.5	92.3	-	-	81.5	92.3
Unrestricted	(28.9)	(31.2)	113.9	102.1	85.0	70.9
Total net position	\$ 361.1	\$ 351.4	\$ 246.4	\$ 243.9	\$ 607.5	\$ 595.3

An additional portion of the City's net position (13 percent or \$81.5 million) represents resources that may be used only to construct specified capital projects for debt service, special revenue programs, or special assessment districts. The restrictions on these funds were placed there by outside agencies and are not subject to change by the City. The remaining balance of \$85.0 million is unrestricted and may be used to finance day-to-day operations without constraints established by debt covenants or other legal requirements or restrictions.

At the end of the current fiscal year, except for unrestricted net position, the City is able to report positive balances in all reported categories of net position, both for the government as a whole, as well as for its separate business-type activities. The unrestricted category for governmental activities had a deficit at the end of the current fiscal year as in the prior year due to recognition of the net pension liabilities as required by GASB 68 and due to Net OPEB liabilities as required by GASB 75. The deficit of \$28.9 million for the governmental activities includes \$84.0 million for the unfunded pension liabilities and \$40.4 million for the Net OPEB liabilities and the related deferred inflows and outflows of resources.

The unfunded net pension liabilities and net OPEB liabilities are long-term obligations that will be funded annually in accordance with actuarially determined contribution rates. The positive component of the governmental

unrestricted net position, excluding the effects of pension and OPEB liabilities, is \$95.5 million and may be used to meet the City's ongoing obligations to citizens and creditors.

Overall, the City's net position increased by \$12.2 million to \$607.5 million in the current fiscal year from \$595.3 million for the prior fiscal year. This increase also includes the \$2 million restatement to the beginning net position as state in Note 9D. The reasons for this overall increase are discussed in the following sections for governmental activities and business-type activities.

Changes in Net Position (in Millions)						
	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues						
Program revenues:						
Charges for services	\$ 13.4	\$ 19.1	\$ 44.5	\$ 44.0	\$ 57.9	\$ 63.1
Operating contributions and grants	14.9	17.9	0.6	0.2	15.5	18.1
Capital grants and contributions	11.6	23.0	7.40	7.0	19.0	30.0
Total program revenues	39.9	60.0	52.5	51.2	92.4	111.2
General revenues:						
Property taxes	35.6	33.0	-	-	35.6	33.0
Sales taxes	35.6	32.3	-	-	35.6	32.3
Other taxes	16.9	17.2	-	-	16.9	17.2
Intergovernmental	8.4	7.9	-	-	8.4	7.9
Interest	6.9	1.3	3.1	0.7	10.0	2.0
Miscellaneous	5.5	6.6	1.1	-	6.6	6.6
Change in value of investment in JPA	(1.4)	0.7	1.3	0.3	(0.1)	1.0
Total general revenues	107.5	99.0	5.5	1.0	113.0	100.0
Total Revenues	147.4	159.0	58.0	52.2	205.4	211.2
Expenses						
General Government	18.6	15.7	-	-	18.6	15.7
Fire	20.8	26.2	-	-	20.8	26.2
Police	37.9	36.7	-	-	37.9	36.7
Public Works	19.3	19.1	-	-	19.3	19.1
Community Development	36.4	20.0	-	-	36.4	20.0
Economic Development	2.8	2.2	-	-	2.8	2.2
Library	6.3	6.2	-	-	6.3	6.2
Interest on long term debt	1.4	1.3	-	-	1.4	1.3
Airport	-	-	3.5	3.0	3.5	3.0
Water	-	-	15.9	14.7	15.9	14.7
Sewer	-	-	24.1	21.8	24.1	21.8
Stormwater	-	-	6.2	4.6	6.2	4.6
Las Positas Golf Course	-	-	2.0	3.0	2.0	3.0
Total expenses	143.5	127.4	51.7	47.1	195.2	174.5
Increase (Decrease) in Net Position before transfers	3.9	31.6	6.3	5.1	10.2	36.7
Transfers, net	3.8	(12.5)	(3.8)	12.5	-	-
Changes in net position	7.7	19.1	2.5	17.6	10.2	36.7
Net position - Beginning	351.4	332.3	243.9	226.3	595.3	558.6
Beginning Net Position Adjustments	2.0	-	-	-	2.0	-
Net Position-Beginning, as restated	353.4	332.3	243.9	226.3	597.3	558.6
Net position - Ending	\$ 361.1	\$ 351.4	\$ 246.4	\$ 243.9	\$ 607.5	\$ 595.3

Governmental Activities

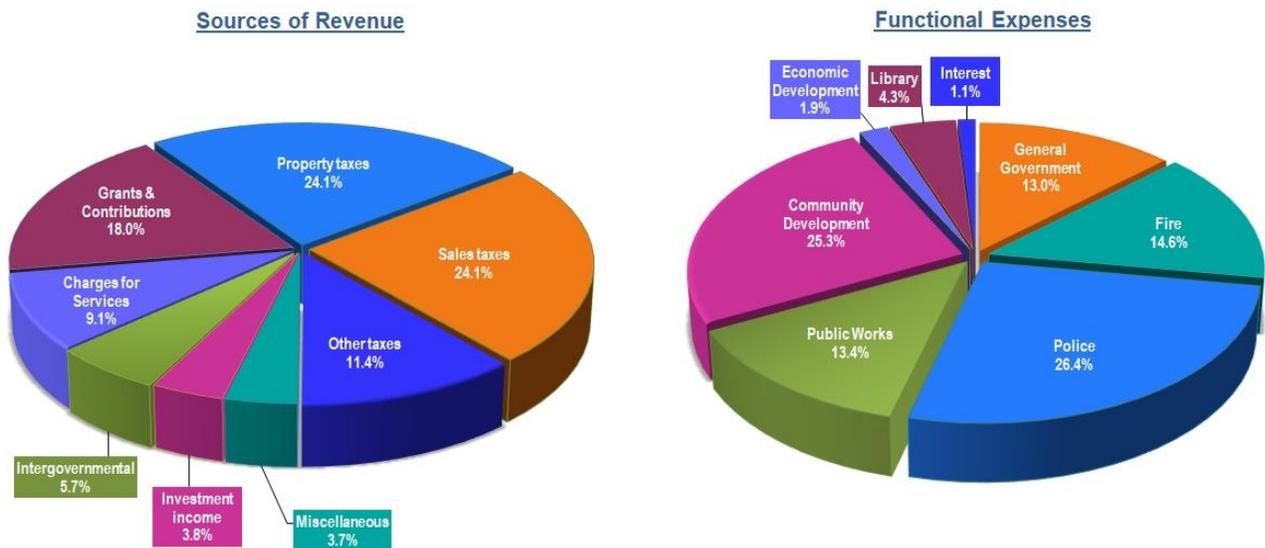
The *Statement of Activities* presents program revenues and expenses, and general revenues in detail. The City's governmental Net Position was \$361.1 million at June 30, 2019, an increase of \$7.7 million over the restated 2018 balance of \$353.4 million. As stated in Note 9D to the Financial Statements, the City made a prior period adjustment in the Low Income Housing Fund to correct an error in the recording of land available for sale which was received by the City from a developer in-lieu of affordable housing units.

Total revenues of governmental activities were \$147.4 million. The largest component of total revenue is taxes at \$88.1 million, making up 59.7 percent of total revenues. As shown in table on the previous page, \$39.9 million, or 27.1%, of the City’s Governmental revenue in the current year came from program revenues out of which charges for services accounted for 9.1 percent of total governmental revenues while Operating and Capital Grants made up 17.9 percent of the total governmental revenues.

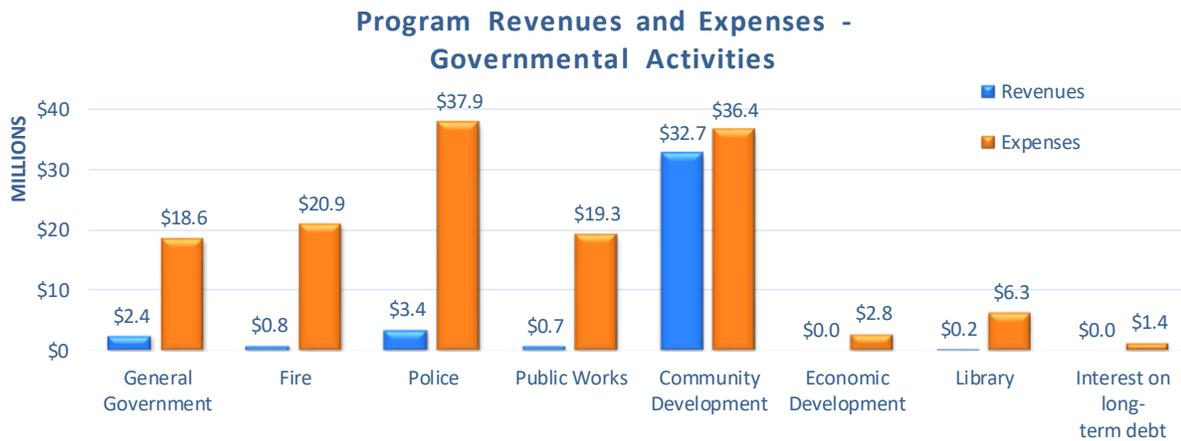
Program revenues for governmental activities decreased by \$20.1 million during the year mainly due to a decrease in grants and contributions, while general revenues increased \$8.5 million in the current year primarily due to increases in property and sales taxes and investment income, which are discussed in further detail under the Fund Financial Statements Analysis.

The sources of the revenues shown previously are portrayed in the chart below by percentage for the Governmental Activities. The City’s reliance upon tax revenues is evident from the sources of revenue chart, indicating that more than half of the City’s total governmental activities revenue comes from general tax revenues. This is consistent with the nature and purpose of governmental funds, particularly in the General Fund, where programs are largely supported by general taxes.

Citywide Governmental Activities



Total expenses were \$143.5 million in the current fiscal year, an increase of \$16.1 million from the prior year. Included in these amounts is depreciation expense, which is 7.6 percent of total expenses for governmental activities. The largest increase of \$16.4 million in expenses was under Community Development activities, which is attributable to the repairs and maintenance cost and purchase of non-capitalized assets. The Functional Expenses chart above shows Public Safety (Police and Fire) accounted for 41.0 percent of total governmental expenses while Community Development accounted for 25.3 percent, Public Works 13.4 percent and other governmental programs 20.3 percent. As shown in the graph below, during the current fiscal year, the cost of all activities exceeded the revenue generated by those programs. This is to be expected as other general sources of revenues such as property taxes, sales taxes, other taxes, and investment income are used to subsidize the gap between program expenditures and program revenues.



Business-type Activities

For the City's business-type activities, the results for the current fiscal year were positive in that the overall net position increased to reach an ending balance of \$246.4 million. The total increase in net position for business-type activities was \$2.5 million or 1.0 percent from the prior fiscal year. Overall business type program revenues increased by \$1.3 million from the prior year program revenues of \$51.2 million to \$52.5 million in the current year. Most of this increase can be attributed to Sewer charges for services amounting to \$1.6 million while Water sales decreased by \$0.2 million. The Water revenue decrease is caused partially by decreased water consumption due to an extended rainy season and the elimination of a temporary surcharge which was previously imposed due to drought conditions. The Sewer revenue growth is mainly due to an increase in rates, as well as the addition of new customer accounts from residential development.

Program expenses increased by \$4.6 million to a total of \$51.7 million in the current year. A majority of this increase is attributed to increase in capital projects in Water fund for \$0.52 million, Sewer fund for \$1.0 million and Stormwater fund for \$1.2 million for a total increase of approximately \$2.7 million. Water cost of sales expense (including salaries and benefits) increased \$0.5 million due to higher water rates and also increase in cost of employee benefits.

Program Revenues & Expenses- Business Activities



The City's Fund Financial Statements

The table below summarizes the activities and balances of governmental funds. As of June 30, 2019, the City's governmental funds reported combined fund balances of \$174.6 million, a decrease of \$12.1 million from the prior year ending fund balance of \$186.7 million. Approximately 11.9 percent of this amount (\$20.7 million) is available for spending at the government's discretion (unassigned fund balance). See Note 9 for detailed classifications of the City's governmental fund balances.

During the current fiscal year, the City experienced an overall decrease of \$6.8 million in revenues for the governmental funds primarily due to the decline in the City's development related revenues offset with the gains in property and sales taxes.

Financial Highlights at Fund Level at June 30, 2019 (in Millions)		
Governmental Funds	2019	2018
Total assets	\$ 223.0	\$ 222.4
Total liabilities	20.7	15.1
Total deferred inflows	27.7	20.6
Total fund balances	174.6	186.7
Total revenues	147.9	154.7
Total expenditures	160.5	127.6
Total other financing sources (uses)	(1.4)	(12.0)

The following are contributing factors affecting the revenues this fiscal year:

- Property tax revenues grew \$3.0 million in the current fiscal year due to higher assessed values of secured real property in Livermore, change in ownership, new development, and recapture of temporary reductions in property assessment, which occurred during the housing market collapse.
- Overall sales tax revenues increased approximately \$3.2 million compared to the prior fiscal year due to consumer confidence, continued popularity of the expended outlet mall, auto dealership, additions of retailers, increased restaurant patronage, and a rise in the countywide "use tax" allocation pools resulting from a shift to online shopping.
- Use of money and property increased by \$8.0 million due to higher yield on the City's investments and fair market value gain on investments in the current fiscal year. Other reasons of the increase include \$1.7 million gain on sale of land held for resale in the Low Income Housing Special Revenue Fund.
- Development related revenues such as charges for current services, contributions from outside sources, and other taxes declined by \$9.4 million, \$9.1 million, and \$0.4 million, respectively, during the current fiscal year because of the slowing down of development activities compared to the previous fiscal year in Livermore.
 - Charges for current services decreased by \$2.7 million for the Traffic Impact Fee Capital Project Fund, \$2.2 million for the Low Income Housing Special Revenue Fund, \$1.7 million for the General Fund, \$1.6 million for the Park Fee Special Revenue Fund, and \$0.6 million for the Other Impact Fee Special Revenue Fund.
 - Contribution from outside sources revenue category experienced a decrease of \$2.9 million in the Other Special Revenue fund and \$7.3 million in the Other Capital Projects fund.

In fiscal year 2018-19 expenditures for governmental funds totaled \$160.5 million, an increase of 32.9 million (or 25.8%) from the fiscal year 2017-18 total of \$127.6 million. A major contributor of this rise was an increase in capital outlay, police, and community development expenditures. Capital outlay is \$11.6 million higher in the current fiscal year due to major CIP projects related to the Downtown Development, Civic Center Meeting Hall, and infrastructure construction in the City. Police expenditures increased by approximately \$2.5 million mainly due to an increase in personnel cost, which includes increases in salary and CalPERS rates. Community development expenditures

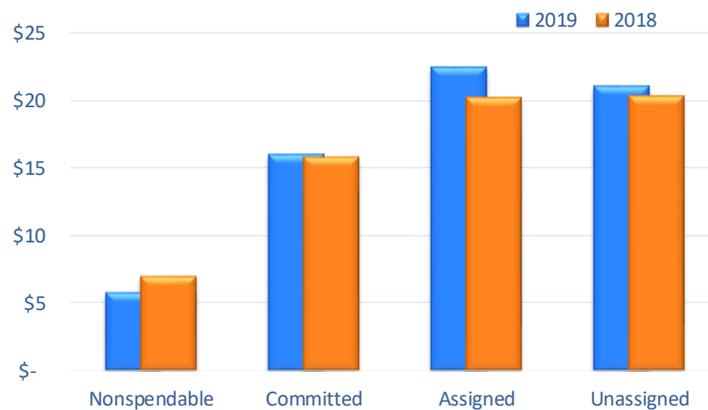
increased by approximately \$15.1 million mainly due to approximately \$6 million housing loans issued for BMR and Chestnut Square developments. Community development expenditures in Park Fee special revenue fund were at \$8.7 million for the current fiscal year compared to \$1.0 million in the prior year, an increase of \$7.7 million, due to the delay in starting certain projects in the prior fiscal year. Contribution of \$3.0 million for general liability in the current fiscal year was higher by approximately \$2.2 million in the current year compared to \$0.8 million in the prior year.

Analyses of Major Governmental Funds

General Fund

The general fund is the chief operating fund of the City of Livermore. At the end of the current fiscal year, the total fund balance of the General Fund was \$65.0 million, out of which \$21.0 million was unassigned. As a measure of the general fund liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures and transfers-out. The unassigned fund balance of \$21.0 million represents approximately 18.1 percent of total general fund expenditures and transfers out, while the total fund balance of \$65.0 million represents approximately 56.0 percent of the same amount. The non-spendable fund balance of \$5.7 million represents balances set aside to indicate items do not represent available, spendable resources. The Committed Fund Balance of \$15.9 million represents Financial Stabilization Operating Reserve. The Financial Stabilization Operating Reserve is to be used in a catastrophic event, major emergency, or in periods of severe fiscal crisis. The Assigned General Fund Balance of \$22.4 million represents the Economic Uncertainty Reserve and Infrastructure Replacement reserve. The Economic Uncertainty Reserve will be used during times of protracted recessionary periods. See Note 9 for further information.

Fund Balance Categories- General Fund



Local taxes, including property tax, sales taxes, transient occupancy tax, and business license taxes are the primary revenue source for the General Fund, constituting 60.2 percent of revenue in the FY 2018-19. These revenue sources are highly susceptible to economic fluctuations.

The General Fund revenues were \$117.4 million in the fiscal year 2019, up \$7.8 million from the prior fiscal year. As discussed in detail under “The City’s Fund Financial Statements”, increases mainly came from property tax, sales tax, and use of money and property revenue categories while charges for current services, Other taxes, which include franchise fees, business license taxes, and transient occupancy taxes, decreased from the prior year.

General Fund Statement of Revenues, Expenditures And Changes In Fund Balances		
	2019	2018
REVENUES		
Property taxes and special assessments	\$ 35,234,143	\$ 32,637,569
Sales Taxes	35,556,493	32,346,374
Other taxes	16,895,027	17,306,457
Licenses and permits	2,647,472	3,329,443
Intergovernmental	9,713,419	9,353,334
Contributions from outside sources	125,000	75,515
Fines and forfeitures	522,198	472,063
Charges for current services	7,752,120	9,424,003
Use of money and property	8,531,498	3,556,356
Miscellaneous	443,392	1,140,518
Total Revenues	117,420,762	109,641,632
EXPENDITURES		
Current:		
General Government:	14,732,073	13,410,365
Fire	21,467,182	19,730,024
Police	36,597,420	34,028,461
Public Works	7,048,763	6,701,971
Community Development	15,080,691	14,328,138
Economic Development	2,815,442	2,169,717
Library	5,587,920	5,570,535
Capital Outlay	6,906,865	1,938,989
Total Expenditures	110,236,356	97,878,200
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	7,184,406	11,763,432
OTHER FINANCING SOURCES (USES)		
Transfers in	900,260	3,845,182
Transfers (out)	(5,962,071)	(7,348,147)
Total Other Financing Sources (Uses)	(5,061,811)	(3,502,965)
NET CHANGE IN FUND BALANCES	2,122,595	8,260,467
FUND BALANCES- BEGINNING	62,916,040	54,655,573
FUND BALANCES- ENDING	\$ 65,038,635	\$ 62,916,040

The table on the following page shows the original budget approved on June 13, 2017, final amended budget adopted on June 13, 2019 and the actual results as of June 30, 2019. The original budget was amended to reflect the change in economic expectations between the adoption of the original and final budget. The variances computed are between the final budget and actual results.

Use of money and property actual revenues came in \$1.8 million higher than the projected numbers due to higher yield realized on the City’s investment in the current fiscal year.

Actual property tax revenues exceeded the budgeted amount by \$1.1 million due to increase in real property values and change in ownership. General Fund sales tax revenues were \$0.6 million lower than the budgeted amounts due to changes made by the State of California for sales tax allocation resulting in some of the fiscal year 2018-19 sales tax revenue not being available until fiscal year 2019-20.

From an expenditure perspective, total expenditures and transfers out came under budget. Expenditures for most departments were under budget except for those in Fire, Police, Community Development, and Economic Development departments. The Police and Community Development departments' total expenditures exceeded the appropriations due to higher than expected General Liabilities claims; Fire Department exceeded the budget due to additional contribution for the workers compensation reserve, while Economic Development department exceeded their budget due to the higher than expected economic incentive payments.

General Fund Budgetary and Actual Variance Analysis					
	Original Budget Adopted June 13, 2017	Final Budget Adopted June 13, 2019	Actual	Variance Final Budget to Actual Positive/ (Negative)	Variance Final Budget to Actual (%)
Revenues and transfers in:					
Property taxes	\$ 31,735,001	\$ 34,103,800	\$ 35,234,143	\$ 1,130,343	3.31%
Sales taxes	35,200,000	36,200,000	35,556,493	(643,507)	-1.78%
Other taxes	14,217,000	16,773,555	16,886,685	113,130	0.67%
Licenses and permits	2,313,000	2,592,000	2,647,472	55,472	2.14%
Intergovernmental	9,010,120	9,794,884	9,713,419	(81,465)	-0.83%
Contributions from outside sources	-	125,000	125,000	-	0.00%
Fines and forfeitures	361,000	440,000	522,198	82,198	18.68%
Other in lieu taxes	7,900	7,900	8,342	442	5.59%
Charges for current services	10,100,423	7,212,684	7,752,120	539,436	7.48%
Use of money and property	3,218,722	6,688,632	8,531,498	1,842,866	27.55%
Miscellaneous	1,219,970	684,000	443,392	(240,608)	-35.18%
Total revenues	107,383,136	114,622,455	117,420,762	2,798,307	2.44%
Transfers in	3,947,111	1,898,928	900,260	(998,668)	-52.59%
Total revenues and transfers in	\$ 111,330,247	\$ 116,521,383	\$ 118,321,022	\$ 1,799,639	1.54%
Expenditures and transfers out:					
General Government:	\$ 12,875,832	\$ 16,140,647	\$ 14,732,073	\$ 1,408,574	8.7%
Fire	20,490,510	20,361,354	21,467,182	(1,105,828)	-5.4%
Police	36,043,614	36,091,969	36,597,420	(505,451)	-1.4%
Public Works	7,702,410	7,790,819	7,048,763	742,056	9.5%
Community Development	16,921,840	14,941,833	15,080,691	(138,858)	-0.9%
Economic Development	3,200,556	2,768,904	2,815,442	(46,538)	0.0%
Library	5,830,495	5,790,129	5,587,920	202,209	3.5%
Capital Outlay	3,455,000	8,859,378	6,906,865	1,952,513	22.0%
Total expenditures	106,520,257	112,745,033	110,236,356	2,508,677	2.2%
Transfers out	5,482,429	6,558,218	5,962,071	596,147	9.09%
Total expenditures and transfers out	\$ 112,002,686	\$ 119,303,251	\$ 116,198,427	\$ 3,104,824	2.60%

Low Income Housing Fund

This fund is established to account for the receipt and disbursement of in-lieu low-income housing impact fees collected from developers and used to finance affordable housing developed offsite. In the current year revenues decreased by \$0.7 million, while the expenditures increased by \$2.4 million over the prior year. Charges of services revenues were down by \$2.2 million in the current fiscal year due to reduced development activities; however, this decrease was offset by \$1.7 million gain on sale of land held for resale. The increase in expenditures came from new housing development loans issued to Chestnut Square Family and Tri-Valley BMR.

Housing Successor Fund

This fund is established to account for the assets and liabilities assumed by the City from the former Redevelopment Agency Low and Moderate Income Housing fund. Revenues of \$197K are consistent with the prior fiscal year.

Analysis of Major Business-type Activities – Enterprise Funds**Airport Fund**

The Livermore Municipal Airport is a General Aviation Reliever Airport, which serves private, business and corporate tenants and customers. Airport revenues are primarily comprised of short-and medium-term hangar and tie-down space rents as well as Fixed Base Operator (FBO) ground rent. The Airport leases 393 hangar units and has approximately 200 aircraft tie-down spaces. Over 500 aircrafts are currently based at the Airport and all hangar units are occupied.

The revenues were consistent with prior fiscal years. Cost of salaries and benefits were higher by \$0.3 million mainly due to increased salaries and pension costs. Other non-operating revenues were also consistent with the prior year.

Water Fund

The Water Enterprise purchases potable water from water wholesaler Zone 7 Water Agency, and then distributes the water to customers in the Livermore Municipal Water service area. The City's municipal water service area has a combined residential and commercial customer base of over 10,400 water accounts. Each water bill consists of a flat rate City meter service charge based on the size of meter that is located at the property, a City consumption charge for water used at the property, and pass-through of wholesale water charges. Effective January 1, 2017, the wholesale rate structure was changed by Zone 7 to include fixed and volume-based rates.

Water revenues slightly declined by \$0.2 million in the current fiscal year to \$14.9 million from \$15.1 million in the prior fiscal year. This variance resulted from a combination of increased water consumption and elimination of temporary surcharge which was imposed as part of water conservation measures related to drought. Overall operating expenses increased by \$1.1 million in the current fiscal year primarily due to higher cost of sales, and repair and maintenance expenses. Cost of sales increased \$0.5 million due to increased water consumption and payroll related costs. Repairs and maintenance expenses increased \$0.5 million from the prior year due to maintenance projects.

Sewer Fund

The Sewer Enterprise is responsible for the operation, maintenance, and periodic replacement of the City's sewer, collection system, wastewater treatment and recycled water production systems. It operates and maintains the Livermore Water Reclamation Plant, which provides wastewater treatment and disposal, and produces recycled water for landscape irrigation and other uses. The Plant currently processes approximately 6 million gallons of wastewater each day from throughout the Livermore area.

The Sewer Fund's operating loss amounted to \$1.1 million in the current fiscal year as compared to the operating loss of \$0.6 million in fiscal year 2017-18. Operating revenues amounted to \$22.9 million in the current year up from \$21.4 million in the prior fiscal year primarily due to an increase in sewer rates as well as the addition of new customer accounts to the Sewer utility customer base due to new residential development. Operating expenses increased by \$2.0 million in the current fiscal year to \$24.0 million from \$22.0 million in the prior year primarily due to the repair and maintenance, and contract services expenses. Repairs and maintenance expenses were \$1.0 million higher in current fiscal year because of annual slurry seal and sewer pipe replacement projects. Contract Services expenses were \$0.6 million higher due to increase in the member contribution to LAVWMA JPA related to an early payment of the JPA's East Bay Dischargers Authority capacity debt.

Charges for services in the current fiscal year increased by \$1.6 million mainly due to increase in rates and water consumption. Net non-operating revenues increased by \$2.3 million in fiscal year 2018-19 mainly due to \$1.4 million increase in investment income and \$0.9 million increase in value in investment in JPA (LAVWMA). As a result of a slowdown in the development activities, capital contributions revenue in the current fiscal year declined by \$1.7 million over the prior fiscal year.

Stormwater Fund

The Stormwater Enterprise is responsible for costs associated with the implementation of the City’s stormwater management and discharge control program along with the operation and periodic replacement of the stormwater conveyance system. The two major sources of funding for this work is an “Urban Runoff” property-based fee and transfers in from the General Fund. The “Urban Runoff” fee revenue is consistent with prior revenue of \$1.1 million. Operational expenses increased by \$1.6 million in total largely due to repair and maintenance expenses associated with flood damages occurred in February 2017.

(D) Capital Assets

GASB 34 requires the City to record all its capital assets including infrastructure. Infrastructure includes roads, bridges, signals and similar assets used by the entire population. The City depreciates all its capital assets over their estimated useful lives, as required by GASB 34. The purpose of depreciation is to spread the cost of a capital asset over the years of its useful life so that an allocable portion of the cost of the asset is borne by all users.

The City’s investment in capital assets for its governmental and business-type activities as of June 30, 2019, amounts to \$511.9 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, machinery, equipment, vehicles, roads, highways, and the water reclamation plant. The total in capital assets for the current fiscal year increased approximately \$4.8 million (or 0.9 percent). At the end of fiscal years 2018-19 and 2017-18, the cost of capital assets recorded on the City’s financial statements was as shown in the table as following:

Capital Assets at Year-end (in Millions)						
	Governmental activities		Business-type activities		Total	
	2019	2018	2019	2018	2019	2018
Land and Land Improvements	\$ 38.9	\$ 36.4	\$ 14.0	\$ 14.7	\$ 52.9	\$ 51.1
Intangible Assets	4.5	4.5	-	-	4.5	4.5
Construction in progress	75.0	56.2	15.1	12.8	90.1	69.0
Buildings	118.1	112.7	22.7	28.0	140.8	140.7
Equipment and vehicles	38.9	38.4	3.8	4.4	42.7	42.8
Infrastructure	336.3	328.3	-	-	336.3	328.3
Airport Infrastructure	-	-	11.6	11.6	11.6	11.6
Water Infrastructure	-	-	49.1	48.7	49.1	48.7
Sewer Infrastructure	-	-	132.3	131.7	132.3	131.7
Stormwater Infrastructure	-	-	105.0	104.7	105.0	104.7
Las Positas Golf Course Infrastructure	-	-	-	12.5	-	12.5
Less accumulated depreciation	(240.8)	(223.7)	(212.6)	(214.8)	(453.4)	(438.5)
Totals	\$ 370.9	\$ 352.8	\$ 141.0	\$ 154.3	\$ 511.9	\$ 507.1

Major capital asset events during the current fiscal year included the following:

- The addition of \$18.8 million in construction in progress within governmental activities included \$5.7 million for the new Civic Center Meeting Hall, \$7.1 million for the Livermore Downtown Revitalization project and \$3.7 million for the El Charro Specific Plan project.
- The addition of \$8.0 million in government infrastructure included a \$6.9 million transfer from the LPGC Enterprise Fund as well as \$1.0 million in conveyed property from the completion of several housing tract developments. The \$5.4 million increase in building under governmental activities is largely attributed to a transfer of LPGC capital assets to General Fund.

- The addition of \$2.5 million in land within governmental activities included \$1.8 million for the purchase of open space property at Doolan Canyon.
- The addition of \$2.3 million in construction work in progress within business-type activities included approximately \$1.7 million for the water resources plant projects.

Additional information on capital assets may be found in Note 6 on pages 80-83 of this report.

(E) Debt Administration

Each of the City’s debt issues is discussed in detail in Note 7 to the financial statements. As of June 30, 2019 and 2018, the City’s debt comprised the following:

	Outstanding Debt (in Millions)					
	Governmental activities		Business-type activities		Total	
	2019	2018	2019	2018	2019	2018
Certificates of Participation	\$ 54.3	\$ 53.7	\$ 8.4	\$ 12.4	\$ 62.7	\$ 66.1
Notes payable	1.7	1.8	-	-	1.7	1.8
Capital Leases	8.2	9.2	0.3	0.3	8.5	9.5
Totals	\$ 64.2	\$ 64.7	\$ 8.7	\$ 12.7	\$ 72.9	\$ 77.4

The City’s governmental activities outstanding debt decreased \$0.5 million; total principal payments were \$3.8 million, however, this was offset by the transfer of approximately \$3.2 million from business type activities due to the closure of Las Positas Golf Course as an enterprise fund. The outstanding debt for the business type activities decreased by a total of \$4.0 million. This decrease is due to the current fiscal year’s principal payments of \$0.4 million and \$3.2 million transfer to governmental funds as explained above.

(F) Economic Factors and Next Year’s Budget

The economic factors affecting the City and long-term financial plan are discussed in detail in the accompanying Transmittal Letter.

In June 2018, the City Council adopted a budget plan for the fiscal years 2019-20 and 2020-21. The biennial budget serves as the foundation for financial planning and control, and allows the City Council to prioritize expenditures in alignment with core community values.

The FY 2019-21 Budget Plan as adopted is reflective of a strong local economy and healthy reserves that continue to support a wide variety of programs and initiatives. It also includes competitive wages for City employees that will ensure retention of a well-qualified workforce to provide services efficiently and meet the high expectations of the community.

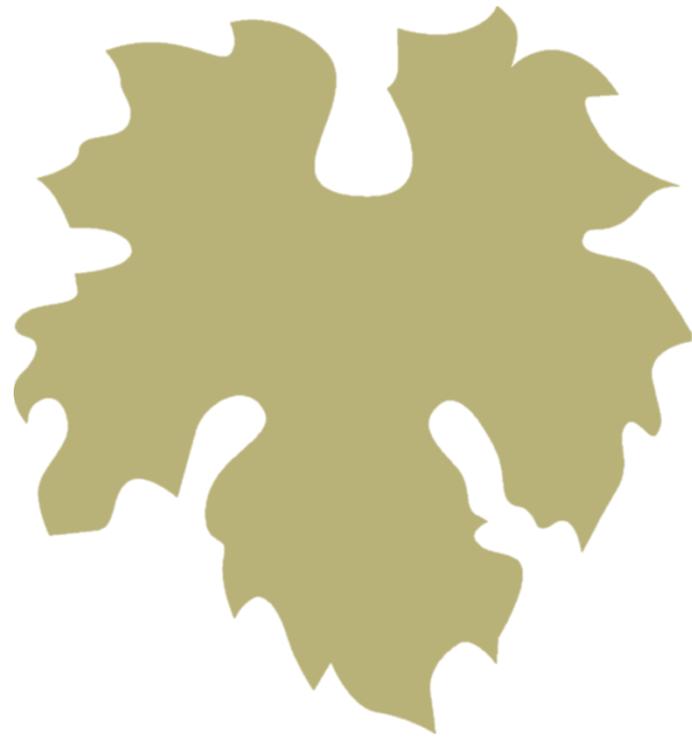
Total appropriation for FY 2019-20 is \$282.4 million for all City activities, including funding for fund balance reserves. The FY 2019-20 budget continues to provide resources for the City’s long-term obligations, including fleet and information technology replacement needs, capital improvements, and Other Post-Employment Benefits.

The General Fund budget for FY 2019-20 provides \$117.5 million in resources and \$128.8 million in appropriations, including \$13.6 million for the Capital Improvement Plan (CIP). An operational shortfall of roughly \$11.3 million is anticipated due to the heavy investment proposed in the CIP program. This investment is a reflection of three Council Goals; Asset Management, Emergency Preparedness and Downtown, and is being proposed because the City has been prudently saving resources for the past several years specifically to address these three items.

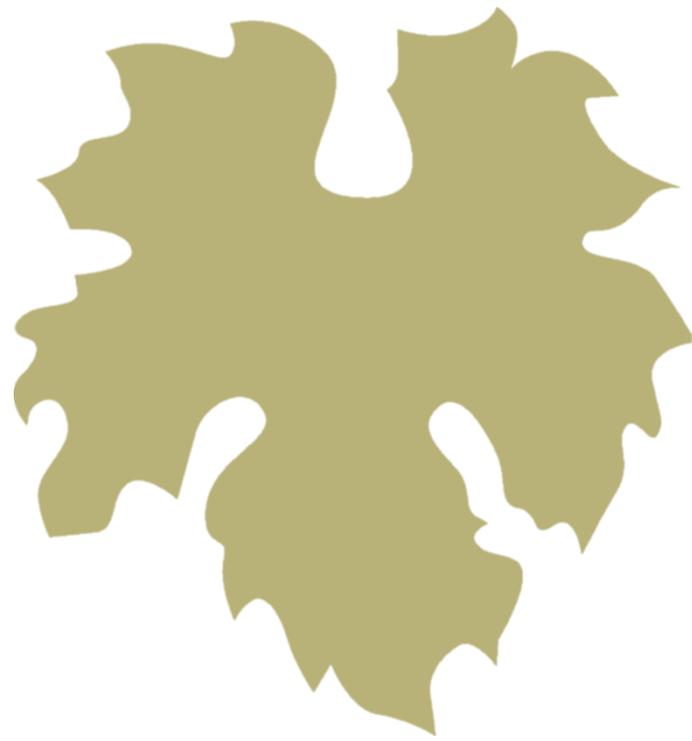
The General Fund balance at the end of operations for FY 2019-20 is estimated at \$48.8 million with \$34.4 million in reserves and \$4.5 million in spendable fund balance available for appropriations.

(G) Requests for Information

The Comprehensive Annual Financial Report is intended to provide a general overview of the City's finances for readers of the financial statements. Questions concerning any of the information in this report or requests for additional financial information should be addressed to the *Administrative Services Director, 1052 South Livermore Avenue, Livermore, CA 94550-4899.*



BASIC
FINANCIAL
STATEMENTS



Government-Wide Financial Statements

Statement of Net Position and Activities

The Statement of Net Position and the Statement of Activities summarize the entire City's financial activities and financial position. They are prepared on the same basis as is used by most businesses, which means they include all of the City's assets, deferred outflows, liabilities, and deferred inflows as well as all its revenues and expenses. This is known as the full accrual basis—the effect of all the City's transactions is taken into account, regardless of whether or when cash changes hands, but all material internal transactions between City funds have been eliminated.

The Statement of Net Position reports the City's total assets, liabilities, and deferred inflows/outflows of resources including all the City's capital assets and all its long-term debt. The Statement of Net Position presents similar information in a way that focuses the reader on the composition of the City's Net Position, by subtracting total liabilities and deferred inflows of resources from total assets and deferred outflows of resources.

The Statement of Net Position summarizes the financial position of the entire City's Governmental Activities in a single column and the financial position of the entire City's Business-Type Activities in a single column. These columns are followed by a Total column that presents the financial position of the entire City.

The City's Governmental Activities include the activities of its General Fund, along with all its Special Revenue, Capital Projects and Debt Service Funds. Since the City's Internal Service Funds service these Funds, their activities are consolidated with Governmental Activities, after eliminating inter-fund transactions and balances. The City's Business-Type Activities include all its Enterprise Fund activities.

The Statement of Activities reports increases and decreases in the City's Net Position. It is also prepared on the full accrual basis, which means it includes all the City's revenues and all its expenses, regardless of when cash changes hands. This differs from the "modified accrual" basis used in the Fund financial statements, which reflect only current assets, current liabilities, measurable and available revenues, and measurable expenditures.

The format of the Statement of Activities presents the City's expenses first, listed by program, and follows these with the expenses of its business-type activities. Program revenues—that is, revenues which are generated directly by these programs—are then deducted from program expenses to arrive at the net expense of each governmental and business-type program. The City's general revenues are then listed in the Governmental Activities or Business-type Activities column, as appropriate, and the Change in Net Position is computed and reconciled with the Statement of Net Position.

Both these Statements include the financial activities of the City as well as the Livermore Capital Projects Financing Authority, which is a legally separate but is a component unit of the City because it is controlled by the City, which is financially accountable for its activities.

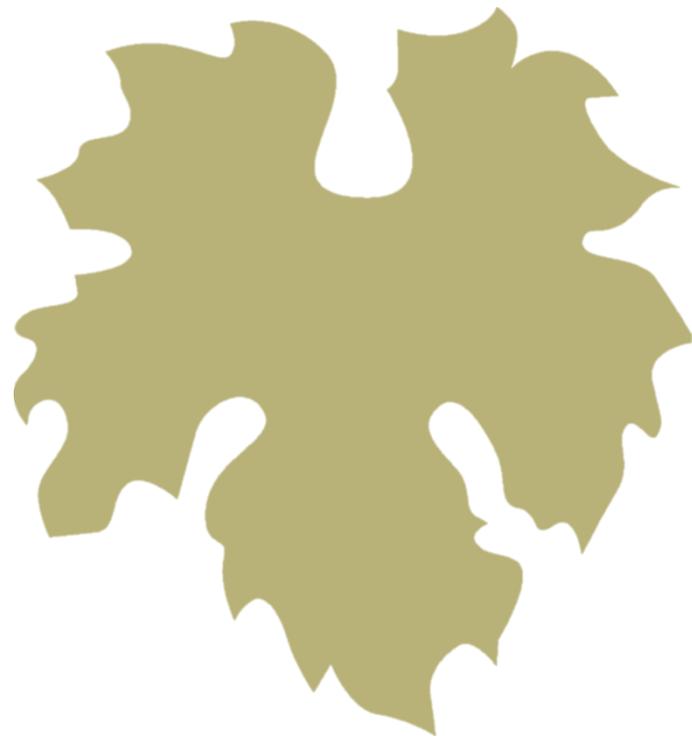
These financial statements along with the fund financial statements and footnotes are called *Basic Financial Statements*.

STATEMENT OF NET POSITION			
JUNE 30, 2019			
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments in City Treasury (Note 3)	\$ 193,274,282	\$ 116,451,147	\$ 309,725,429
Cash and investments with Trustees (Note 3)	1,693,690	289,619	1,983,309
Accounts receivables, net	11,618,028	4,988,775	16,606,803
Interest receivable	2,030,505	-	2,030,505
Inventory	282,676	-	282,676
Internal balances (Note 4D)	4,639	(4,639)	-
Prepays, deposits and supplies	132,386	12,280	144,666
Notes receivable (Note 5)	28,167,441	-	28,167,441
Investment (Deficit) in JPA Equity (Note 13A and 13E)	(41,176,313)	18,367,434	(22,808,879)
Land held for redevelopment (Note 1K)	13,590,637	-	13,590,637
Land, easements and construction in progress (Note 6)	118,388,197	29,115,677	147,503,874
Capital assets, net of accumulated depreciation (Note 6)	252,531,541	111,878,796	364,410,337
Total Assets	580,537,709	281,099,089	861,636,798
DEFERRED OUTFLOWS OF RESOURCES			
Related to pension (Notes 10)	21,076,108	2,733,053	23,809,161
Related to OPEB (Notes 11)	2,650,513	463,012	3,113,525
	23,726,621	3,196,065	26,922,686
LIABILITIES			
Accounts payable and other accruals	12,825,402	3,979,889	16,805,291
Accrued payroll	1,102,837	179,431	1,282,268
Interest payable	396,320	93,290	489,610
Deposit payable and unearned revenue	3,241,175	410,650	3,651,825
Claims payable (Note 14B)			
Due within one year	1,400,000	-	1,400,000
Due in more than one year	8,473,865	-	8,473,865
Accrued compensated absences (Note 7D):			
Due within one year	1,221,507	209,812	1,431,319
Due in more than one year	2,215,530	297,326	2,512,856
Long-term debt (Note 7):			
Due within one year	3,751,423	470,896	4,222,319
Due in more than one year	60,400,407	8,280,003	68,680,410
Net pension liability (Note 10)	101,664,729	15,887,109	117,551,838
Net OPEB liabilities (Note 11)	39,507,472	6,901,475	46,408,947
Total Liabilities	236,200,667	36,709,881	272,910,548
DEFERRED INFLOWS OF RESOURCES			
Related to pension (Notes 10)	3,411,249	510,397	3,921,646
Related to OPEB (Notes 11)	3,569,963	623,629	4,193,592
Total Deferred Inflows of Resources	6,981,212	1,134,026	8,115,238
NET POSITION (Note 9)			
Net investment in capital assets	308,461,598	132,533,193	440,994,791
Restricted:			
Capital projects	57,416,896	-	57,416,896
Debt service	874,462	-	874,462
Special assessment administration	8,027,396	-	8,027,396
Affordable Housing	1,094,901	-	1,094,901
Solid waste	528,248	-	528,248
City street sweeping	3,615	-	3,615
Park fee	11,501,254	-	11,501,254
Community cable programming	662,783	-	662,783
Public Art	911,581	-	911,581
Nonexpendable endowment fund	540,311	-	540,311
Unrestricted	(28,940,594)	113,918,054	84,977,460
Total Net Position	\$ 361,082,451	\$ 246,451,247	\$ 607,533,698

See accompanying notes to financial statements

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2019							
Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental Activities:							
General Government	\$ 18,619,685	\$ 1,598,885	\$ 784,155	\$ -	\$ (16,236,645)	\$ -	\$ (16,236,645)
Fire	20,854,960	767,507	-	-	(20,087,453)	-	(20,087,453)
Police	37,862,170	1,936,452	1,137,527	370,215	(34,417,976)	-	(34,417,976)
Public Works	19,290,328	319,336	420,468	-	(18,550,524)	-	(18,550,524)
Community Development	36,444,392	8,685,435	12,477,395	11,276,103	(4,005,459)	-	(4,005,459)
Economic Development	2,820,265	-	-	-	(2,820,265)	-	(2,820,265)
Library	6,341,564	102,007	124,505	-	(6,115,052)	-	(6,115,052)
Interest on long term debt	1,397,328	-	-	-	(1,397,328)	-	(1,397,328)
	<u>143,630,692</u>	<u>13,409,622</u>	<u>14,944,050</u>	<u>11,646,318</u>	<u>(103,630,702)</u>	<u>-</u>	<u>(103,630,702)</u>
Business-type Activities:							
Airport	3,504,956	3,949,727	-	12,831	-	457,602	457,602
Water	15,934,857	14,871,772	-	1,034,231	-	(28,854)	(28,854)
Sewer	24,081,018	22,944,348	-	2,942,237	-	1,805,567	1,805,567
Stormwater	6,215,290	1,136,319	643,541	3,352,910	-	(1,082,520)	(1,082,520)
Las Positas Golf Course	1,986,853	1,628,472	-	-	-	(358,381)	(358,381)
	<u>51,722,974</u>	<u>44,530,638</u>	<u>643,541</u>	<u>7,342,209</u>	<u>-</u>	<u>793,414</u>	<u>793,414</u>
Total	<u>\$ 195,353,666</u>	<u>\$ 57,940,260</u>	<u>\$ 15,587,591</u>	<u>\$ 18,988,527</u>	<u>(103,630,702)</u>	<u>793,414</u>	<u>(102,837,288)</u>
General revenues:							
Property taxes					35,577,827	-	35,577,827
Sales taxes					35,556,493	-	35,556,493
Business license taxes					6,933,658	-	6,933,658
Transient occupancy and franchise taxes					9,961,369	-	9,961,369
Intergovernmental, unrestricted					8,417,344	-	8,417,344
Investment income					6,928,825	3,112,929	10,041,754
Miscellaneous					5,508,154	1,138,060	6,646,214
Change of value from investment in JPA (Note 13A and 13E)					(1,354,554)	1,275,502	(79,052)
Transfers, net (Note 4B)					3,794,799	(3,794,799)	-
Total general revenues and transfers					<u>111,323,915</u>	<u>1,731,692</u>	<u>113,055,607</u>
Change in Net Position					<u>7,693,213</u>	<u>2,525,106</u>	<u>10,218,319</u>
Net Position-Beginning					<u>351,430,666</u>	<u>243,926,141</u>	<u>595,356,807</u>
Beginning Net Position Adjustments (Note 9D)					<u>1,958,572</u>	<u>-</u>	<u>1,958,572</u>
Net Position-Beginning, as restated					<u>353,389,238</u>	<u>243,926,141</u>	<u>597,315,379</u>
Net Position-Ending					<u>\$ 361,082,451</u>	<u>\$ 246,451,247</u>	<u>\$ 607,533,698</u>

See accompanying notes to financial statements



Fund Financial Statements

Only individual major funds are presented in the Fund Financial Statements, while non-major funds are combined in a single column. Major funds are defined generally as having significant activities or balances in the current year.

The City has identified the funds below as major governmental funds in fiscal year 2018-19:

GENERAL FUND

The General Fund is used for all the general revenues of the City not specifically levied or collected for other City funds, and related expenditures.

LOW INCOME HOUSING SPECIAL REVENUE FUND

Established to account for the receipt and disbursement of in-lieu low-income housing impact fees collected from developers.

HOUSING SUCCESSOR SPECIAL REVENUE FUND

Established to account for the assets and liabilities assumed by the City from the former Redevelopment Agency Low and Moderate Income Housing Fund.

GOVERNMENTAL FUNDS BALANCE SHEET JUNE 30, 2019					
	General Fund	Low Income Housing Special Revenue Fund	Housing Successor Special Revenue Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and investments in City Treasury (Note 3)	\$ 55,223,247	\$ 9,529,132	\$ 2,049,315	\$ 95,132,398	\$ 161,934,092
Cash and investments with Trustees (Note 3)	-	-	-	1,693,690	1,693,690
Accounts receivables (net of applicable allowable for uncollectibles)	8,917,551	28,845	672	2,303,695	11,250,763
Interest receivable	2,030,505	-	-	-	2,030,505
Due from other funds (Note 4A)	14,651	-	-	275,979	290,630
Advances to other funds (Note 4C)	3,880,245	-	-	-	3,880,245
Prepays and deposits	104,759	3,000	-	2,200	109,959
Notes receivable (Note 5)	-	18,378,808	5,134,997	4,653,636	28,167,441
Land held for redevelopment (Note 1K)	1,727,437	11,863,200	-	-	13,590,637
Total Assets	\$ 71,898,395	\$ 39,802,985	\$ 7,184,984	\$ 104,061,598	\$ 222,947,962
LIABILITIES					
Accounts payable and other accrued liabilities	\$ 5,674,185	\$ 329,059	\$ -	\$ 6,147,645	\$ 12,150,889
Accrued payroll and benefits	990,348	-	-	45,955	1,036,303
Interest payable	-	-	-	143,543	143,543
Deposit payable	135,210	11,832	-	625,919	772,961
Due to other funds (Note 4A)	-	-	-	290,630	290,630
Advance from other funds (Note 4C)	-	-	-	3,880,245	3,880,245
Unearned rents and revenue	53,000	-	-	2,356,715	2,409,715
Total Liabilities	6,852,743	340,891	-	13,490,652	20,684,286
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	4,017	18,378,808	4,291,559	5,008,859	27,683,243
Total deferred inflows of resources	4,017	18,378,808	4,291,559	5,008,859	27,683,243
FUND BALANCES (Note 9)					
Nonspendable	5,712,441	3,000	-	537,789	6,253,230
Restricted	-	21,080,286	2,893,425	83,778,496	107,752,207
Committed	15,954,446	-	-	1,583,505	17,537,951
Assigned	22,359,001	-	-	-	22,359,001
Unassigned	21,015,747	-	-	(337,703)	20,678,044
Total fund balances	65,041,635	21,083,286	2,893,425	85,562,087	174,580,433
Total Liabilities, deferred inflows of resources, and fund balances	\$ 71,898,395	\$ 39,802,985	\$ 7,184,984	\$ 104,061,598	\$ 222,947,962

[See accompanying notes to financial statements](#)

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2019**

Amounts reported for Governmental Activities in the Statement of Net Position are different from those reported in the Governmental Funds above because of the following:

Amount reported in the Governmental Balance Sheet as Fund Balance \$ 174,580,433

CAPITAL ASSETS

Capital assets used in Governmental Activities are not current assets or financial resources and therefore are not reported in the Governmental Funds. \$353,872,445

ALLOCATION OF INTERNAL SERVICE FUND NET POSITION

Internal service funds are not governmental funds. However, they are used by management to charge the costs of certain activities, such as insurance and central services and maintenance, to individual governmental funds. The assets and liabilities of the Internal Service Funds are therefore included in Governmental Activities in the following line items in the Statement of Net Position.

Cash and investments	31,340,190
Accounts receivable	367,265
Inventory	282,676
Internal balances	4,639
Prepays, deposits and supplies	22,427
Capital assets	17,047,293
Deferred pension outflows	933,779
Accounts payable and other accruals	(674,513)
Accrued payroll	(66,534)
Deposits payable	(\$58,499)
Claims payable	(9,873,865)
Net pension liability	(5,710,537)
Net OPEB liabilities	(2,358,503)
Long term debt	(8,189,116)
Deferred outflow of resources related to OPEB	158,230
Deferred inflow for resources related to pension	(184,005)

ACCRUAL OF NON-CURRENT REVENUES AND EXPENSES

Revenues which are deferred on the Fund Balance Sheets because they are not available currently are taken into revenue in the Statement of Activities. 27,683,243

LONG-TERM ASSETS AND LIABILITIES

The assets and liabilities below are not due and payable in the current period and therefore are not reported in the Funds:

Investment (Deficit) in JPA Equity	(\$41,176,313)
Compensated absences	(3,437,037)
Long-term debt	(55,962,714)
Interest payable	(252,777)
Net OPEB liabilities	(37,148,969)
Deferred outflow of resources related to OPEB	2,492,283
Deferred inflow of resources related to OPEB	(3,356,845)
Net pension liability	(\$95,954,192)
Deferred outflow of resources related to pension	20,142,329
Deferred inflow of resources related to pension	(3,227,244)

NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 361,082,451

[See accompanying notes to financial statements](#)

**GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2019**

	General Fund	Low Income Housing-Special Revenue Fund	Housing Successor Special Revenue Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Property taxes and special assessments	\$ 35,234,143	\$ -	\$ -	\$ 3,249,753	\$ 38,483,896
Sales Taxes	35,556,493	-	-	-	35,556,493
Other taxes	16,895,027	-	-	-	16,895,027
Licenses and permits	2,647,472	-	-	-	2,647,472
Intergovernmental	9,713,419	-	-	9,950,513	19,663,932
Contributions from outside sources	125,000	82,169	-	3,461,497	3,668,666
Fines and forfeitures	522,198	-	-	-	522,198
Charges for current services	7,752,120	464,238	-	7,772,236	15,988,594
Use of money and property	8,531,498	2,275,565	95,401	1,704,949	12,607,413
Miscellaneous	443,392	269,268	101,359	1,006,297	1,820,316
Total Revenues	117,420,762	3,091,240	196,760	27,145,245	147,854,007
EXPENDITURES					
Current:					
General Government:					
City Council	153,040	-	-	144,435	297,475
City Manager	1,992,078	-	-	163,848	2,155,926
City Attorney	1,635,294	-	-	-	1,635,294
Administrative Services	5,584,001	-	-	-	5,584,001
General Services	5,367,660	-	-	-	5,367,660
Fire	21,467,182	-	-	17,590	21,484,772
Police	36,597,420	-	-	1,394,069	37,991,489
Public Works	7,048,763	-	-	3,809,511	10,858,274
Community Development	15,080,691	8,790,253	390	17,872,696	41,744,030
Economic Development	2,815,442	-	-	-	2,815,442
Library	5,587,920	-	-	77,864	5,665,784
Capital Outlay:					
Capital projects	6,906,865	25,209	-	13,719,351	20,651,425
Debt service:					
Principal	-	-	-	2,817,102	2,817,102
Interest and fiscal charges	-	-	-	1,400,431	1,400,431
Total Expenditures	110,236,356	8,815,462	390	41,416,897	160,469,105
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	7,184,406	(5,724,222)	196,370	(14,271,652)	(12,615,098)
OTHER FINANCING SOURCES (USES)					
Transfers in (Note 4B)	900,260	1,216	-	4,842,565	5,744,041
Transfers (out) (Note 4B)	(5,962,071)	(122,039)	-	(1,102,607)	(7,186,717)
Total Other Financing Sources (Uses)	(5,061,811)	(120,823)	-	3,739,958	(1,442,676)
NET CHANGE IN FUND BALANCES	2,122,595	(5,845,045)	196,370	(10,531,694)	(14,057,774)
FUND BALANCES- BEGINNING	62,919,040	24,969,759	2,697,055	96,093,781	186,679,635
Beginning Fund Balance Adjustment (Note 9D)	-	1,958,572	-	-	1,958,572
Fund Balance-Beginning, as restated	62,919,040	26,928,331	2,697,055	96,093,781	188,638,207
FUND BALANCES- ENDING	\$ 65,041,635	\$ 21,083,286	\$ 2,893,425	\$ 85,562,087	\$ 174,580,433

[See accompanying notes to financial statements](#)

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019**

The schedule below reconciles the Net Changes in Fund Balances reported on the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance, which measures only changes in current assets and current liabilities on the modified accrual basis, with the Change in Net Position of Governmental Activities reported in the Statement of Activities, which is prepared on the full accrual basis.

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ (14,057,774)

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

CAPITAL ASSETS TRANSACTIONS

Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is capitalized and allocated over their estimated useful lives and reported as depreciation expense.

The capital outlay asset addition expenditures are therefore added back to fund balance	20,651,425
Capital assets transferred from the Las Positas Golf Course enterprise fund are added to the fund balance	8,802,222
Depreciation expense is deducted from the fund balance (Depreciation expense is net of internal service fund depreciation of \$1,981,228 which has already been allocated to internal service funds.)	(11,022,260)

Contributions of infrastructure and improvements by developers are capitalized in the Statement of Position, but are not recorded in the Fund Statements because no cash changed hands.	1,029,652
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LONG TERM DEBT PROCEEDS AND PAYMENTS

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of bond principal is an expenditure in the governmental funds, but in the Statement of Net Position the repayment reduces long-term liabilities.

Repayment of debt principal is added back to fund balance	2,817,102
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ACCRUAL OF NON-CURRENT ITEMS

The amounts below included in the Statement of Activities do not provide or (require) the use of current financial resources and therefore are not reported as revenue or expenditures in governmental funds (net change):

Long-term compensated absences	(47,939)
Interest payable	3,103
Unavailable revenue	7,103,823
Change in equity in JPA	(1,354,554)
Long-term liabilities transferred from the Las-Positas Golf Course enterprise fund	(3,564,747)

CONTRIBUTIONS TO PENSION and OPEB PLAN

Governmental funds report City pension and OPEB contributions as expenditures. However in the Statement of Activities, the cost of pension and OPEB benefits earned net of employee contributions is reported as pension expense and OPEB expense.

Deferred outflow of resources related to pension	(6,456,281)
Deferred inflow of resources related to pension	(1,434,712)
Change in net pension liability	3,039,884
Deferred outflow of resources related to OPEB	2,492,283
Deferred inflow of resources related to OPEB	(3,034,456)
Change in net OPEB liability	1,513,589

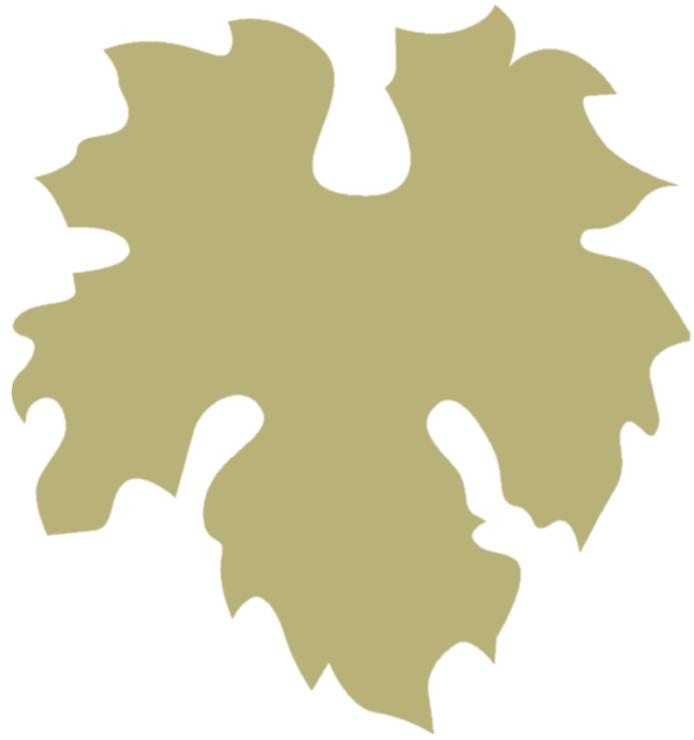
ALLOCATION OF INTERNAL SERVICE FUND ACTIVITY

Internal Service Funds are used by management to charge the costs of certain activities, such as equipment acquisition, maintenance, and insurance to individual funds. The portion of the net revenue (expense) of these Internal Service Funds arising out of their transactions with governmental funds is reported with governmental activities, because they service those activities.

Change in Net Position - All Internal Service Funds	1,106,695
Change in Net Position of Internal Service Funds reported with Business-Type Activities	106,158

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ 7,693,213
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[See accompanying notes to financial statements](#)



Major Proprietary Funds

Proprietary funds account for City operations financed and operated in a manner similar to a private business enterprise. The intent of the City is that the cost of providing goods and services be financed primarily through user charges.

The City has identified the funds below as major proprietary funds in fiscal year 2018-19.

AIRPORT FUND

Established to account for the operations of the Livermore Municipal Airport.

WATER FUND

Established to account for the operations of the self-supporting municipal water service. Services are rendered on a user charge basis and impact fees are collected for future water storage needs.

SEWER FUND

Established to account for operations of the self-supporting wastewater disposal plant, the export pipeline, impact fees collected for sewer connections, and urban runoff fees.

STORMWATER FUND

Established to account for operations of the self-supporting storm water operations and impact fees collected for storm drain infrastructure.

LAS POSITAS GOLF COURSE FUND

Established to account for operations of the Las Positas golf course in Livermore.

PROPRIETARY FUNDS STATEMENT OF NET POSITION JUNE 30, 2019							
	Business-Type Activities-Enterprise Funds					Totals	Governmental Activities- Internal Service Funds
	Airport	Water	Sewer	Stormwater	Las Positas Golf Course		
ASSETS							
Current Assets:							
Cash and investments in City Treasury (Note 3)	\$ 5,516,840	\$ 35,522,257	\$ 65,659,252	\$ 9,752,798	\$ -	\$ 116,451,147	\$ 31,340,190
Cash and investments with Trustees (Note 3)	289,619	-	-	-	-	289,619	-
Accounts receivables (net of allowable for uncollectibles)	159,869	2,029,875	575,843	2,223,188	-	4,988,775	367,265
Inventory	-	-	-	-	-	-	282,676
Prepays, deposits and supplies	-	7,760	4,520	-	-	12,280	22,427
Total current assets	5,966,328	37,559,892	66,239,615	11,975,986	-	121,741,821	32,012,558
Noncurrent Assets:							
Investment in JPA-LAVWMA (Note 13A)	-	-	18,367,434	-	-	18,367,434	-
Land and construction in progress (Note 6)	14,607,686	128,049	10,069,085	4,310,857	-	29,115,677	94,815
Capital assets, net of accumulated depreciation (Note 6)	7,941,651	26,551,651	55,860,538	21,524,956	-	111,878,796	16,952,478
Total noncurrent assets	22,549,337	26,679,700	84,297,057	25,835,813	-	159,361,907	17,047,293
Total assets	28,515,665	64,239,592	150,536,672	37,811,799	-	281,103,728	49,059,851
DEFERRED OUTFLOWS OF RESOURCES							
Related to pension (Note 10)	336,805	467,591	1,796,492	132,165	-	2,733,053	933,779
Related to OPEB (Note 11)	57,351	73,292	314,373	17,996	-	463,012	158,230
Total deferred outflows of resources	394,156	540,883	2,110,865	150,161	-	3,196,065	1,092,009
LIABILITIES							
Current Liabilities:							
Accounts payable and other accruals	127,921	2,074,939	784,807	992,222	-	3,979,889	674,513
Accrued payroll and benefits	22,813	32,464	114,668	9,486	-	179,431	66,534
Interest payable	81,274	12,016	-	-	-	93,290	-
Accrued compensated absences (Note 7E)	27,796	36,535	133,997	11,484	-	209,812	-
Claims payable (Note 14B)	-	-	-	-	-	-	1,400,000
Deposit payable	223,064	107,440	39,569	40,577	-	410,650	58,499
Long-term debt (Note 7):							
Due within one year	197,703	273,193	-	-	-	470,896	625,970
Total current liabilities	680,571	2,536,587	1,073,041	1,053,769	-	5,343,968	2,825,516
Noncurrent Liabilities:							
Accrued compensated absences (Note 7E)	38,287	37,903	205,891	15,245	-	297,326	-
Claims payable (Note 14B)	-	-	-	-	-	-	8,473,865
Net pension liability (Note 10)	1,890,385	2,725,305	10,491,635	779,784	-	15,887,109	5,710,537
Net OPEB liabilities (Note 11)	854,853	1,092,467	4,685,911	268,244	-	6,901,475	2,358,503
Long-term debt (Note 7):							
Due in more than one year	4,967,186	3,312,817	-	-	-	8,280,003	7,563,146
Total non-current liabilities	7,750,711	7,168,492	15,383,437	1,063,273	-	31,365,913	24,106,051
Total liabilities	8,431,282	9,705,079	16,456,478	2,117,042	-	36,709,881	26,931,567
DEFERRED INFLOWS OF RESOURCES							
Related to pension (Note 10)	60,141	85,955	339,574	24,727	-	510,397	184,005
Related to OPEB (Note 11)	77,246	98,717	423,427	24,239	-	623,629	213,118
Total deferred inflows of resources	137,387	184,672	763,001	48,966	-	1,134,026	397,123
NET POSITION (Note 9)							
Net investment in capital assets	17,674,067	23,093,690	65,929,623	25,835,813	-	132,533,193	8,858,177
Unrestricted	2,667,085	31,797,034	69,498,435	9,960,139	-	113,922,693	13,964,993
Total net position	\$ 20,341,152	\$ 54,890,724	\$ 135,428,058	\$ 35,795,952	\$ -	246,455,886	\$ 22,823,170
Some amounts reported for <i>business-type activities</i> in the Statement of Net Position are different because certain internal service fund assets and liabilities are included with business-type activities.						(4,639)	
Net position business-type activities						\$ 246,451,247	

See accompanying notes to financial statements

PROPRIETARY FUNDS							
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION							
FOR THE YEAR ENDED JUNE 30, 2019							
	Business-Type Activities-Enterprise Funds						Governmental Activities-Internal Service Funds
	Airport	Water	Sewer	Stormwater	Las Positas Golf Course	Totals	
OPERATING REVENUES							
Charges for services	\$ 2,621,912	\$ -	\$ 22,920,343	\$ 1,122,928	\$ 1,042,546	\$ 27,707,729	\$ 17,453,915
Sales	372,359	14,862,742	-	-	422,762	15,657,863	-
Operating grants	-	-	-	-	-	-	-
Miscellaneous	13,754	9,030	24,005	13,390	60,036	120,215	582,680
Total Operating Revenues	3,008,025	14,871,772	22,944,348	1,136,318	1,525,344	43,485,807	18,036,595
OPERATING EXPENSES							
Cost of sales, salaries and benefits	2,147,932	12,125,463	10,360,378	1,543,912	168,512	26,346,197	4,424,717
Contracted services	216,473	453,263	5,227,457	282,363	1,257,952	7,437,508	1,555,182
Insurance premiums	99,089	340,485	559,870	79,718	-	1,079,162	1,472,637
Materials, supplies and other	108,289	87,649	1,072,936	449,563	123,931	1,842,368	1,668,845
Utilities	159,168	246,977	947,191	3,843	1,380	1,358,559	414,342
Depreciation	310,005	1,503,827	3,752,603	2,251,632	165,202	7,983,269	1,981,228
Repairs and maintenance	257,095	1,088,177	2,080,215	1,590,352	2,304	5,018,143	2,578,246
Claims expense	-	-	-	-	-	-	2,625,671
Total Operating Expenses	3,298,051	15,845,841	24,000,650	6,201,383	1,719,281	51,065,206	16,720,868
Operating Income (Loss)	(290,026)	(974,069)	(1,056,302)	(5,065,065)	(193,937)	(7,579,399)	1,315,727
NONOPERATING REVENUES (EXPENSES)							
Investment income (loss)	147,667	1,019,934	1,783,751	309,243	-	3,260,595	-
Interest and fiscal charges (expense)	(213,798)	(65,578)	-	-	(27,322)	(306,698)	(228,833)
Change of value from investment in JPA - LAVWMA	-	-	1,275,502	-	-	1,275,502	-
Other nonoperating revenues	794,035	35,171	-	-	103,127	932,333	26,429
Gain (loss) on disposal of surplus property	-	-	(3,199)	-	(241,713)	(244,912)	(6,628)
Net Nonoperating Revenues (Expenses)	727,904	989,527	3,056,054	309,243	(165,908)	4,916,820	(209,032)
Income (Loss) Before Contributed Assets and Transfers	437,878	15,458	1,999,752	(4,755,822)	(359,845)	(2,662,579)	1,106,695
Capital contributions - Conveyed Property	-	400,901	631,013	247,163	-	1,279,077	-
Capital contributions - Connection fees	-	633,330	2,311,224	647,419	-	3,591,973	-
Capital Grants	12,832	-	-	3,101,869	-	3,114,701	-
Gain on extinguishment of interfund advance (Note 4C)	-	-	-	-	1,102,891	1,102,891	-
Transfers in (Note 4B)	-	-	-	-	1,668,194	1,668,194	-
Transfers out (Note 4B)	-	-	-	(225,518)	-	(225,518)	-
Transfers in - long term liabilities (Note 4B)	-	-	-	-	3,564,747	3,564,747	-
Transfers out - capital assets (Note 4B)	-	-	-	-	(8,802,222)	(8,802,222)	-
Change in net position	450,710	1,049,689	4,941,989	(984,889)	(2,826,235)	2,631,264	1,106,695
Total net position (deficit)-beginning	19,890,442	53,841,035	130,486,069	36,780,841	2,826,235	243,824,622	21,716,475
Total net position(deficit)-ending	\$ 20,341,152	\$ 54,890,724	\$ 135,428,058	\$ 35,795,952	\$ -	\$ -	\$ 22,823,170
Some amounts reported for <i>business-type activities</i> in the Statement of Activities are different because the portion of the net income of certain internal service funds is reported with the business-type activities which those funds service.						(106,158)	
Net business-type activities reported on the Statement of Activities						\$ 2,525,106	

See accompanying notes to financial statements

PROPRIETARY FUNDS STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2019							
	Business-Type Activities-Enterprise Funds					Totals	Governmental Activities-Internal Service Funds
	Airport	Water	Sewer	Stormwater	Las Positas Golf Course		
CASH FLOWS FROM OPERATING ACTIVITIES							
Receipts from customers	\$ 3,287,324	\$ 14,814,240	\$ 22,802,570	\$ (1,039,135)	\$ 1,445,807	\$ 41,310,806	\$ 18,000,284
Payments to suppliers	(1,381,534)	(10,792,836)	(9,120,075)	(3,045,670)	(1,671,341)	(26,011,456)	(7,687,112)
Payments to employees	(1,357,711)	(1,976,301)	(7,350,814)	(548,716)	(29,930)	(11,263,472)	(4,032,554)
Claims paid	-	-	-	-	-	-	(1,540,391)
Net cash provided by (used for) operating activities	548,079	2,045,103	6,331,681	(4,633,521)	(255,464)	4,035,878	4,740,227
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES							
Interfund receipts	359,493	-	-	-	-	359,493	-
Interfund payments	-	-	-	-	(1,191,119)	(1,191,119)	-
Transfers in	-	-	-	-	1,668,194	1,668,194	-
Transfers (out)	-	-	-	(225,518)	-	(225,518)	-
Net cash provided by (used for) noncapital financing activities	359,493	-	-	(225,518)	477,075	611,050	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
Capital Grants	12,832	-	-	3,101,869	-	3,114,701	-
Capital contributions	-	1,034,231	2,942,237	894,582	-	4,871,050	-
Capital asset additions	(38,261)	(400,901)	(2,677,679)	(655,859)	-	(3,772,700)	(606,863)
Long term debt:							
Repayment of principal	(193,744)	(268,997)	-	-	(288,230)	(750,971)	(963,032)
Interest paid	(214,488)	(63,662)	-	-	(36,508)	(314,658)	(233,197)
Net cash provided by (used for) capital and related financing activities	(433,661)	300,671	264,558	3,340,592	(324,738)	3,147,422	(1,803,092)
CASH FLOWS FROM INVESTING ACTIVITIES							
Investment Income	902,059	1,055,105	1,783,751	309,243	103,127	4,153,285	26,429
Net cash provided by (used for) investing activities	902,059	1,055,105	1,783,751	309,243	103,127	4,153,285	26,429
Net increase (decrease) in cash and cash equivalents	1,375,970	3,400,879	8,379,990	(1,209,204)	-	11,947,635	2,963,564
Cash and investments at beginning of period	4,430,489	32,121,378	57,279,262	10,962,002	-	104,793,131	28,376,626
Cash and investments at end of period	\$ 5,806,459	\$ 35,522,257	\$ 65,659,252	\$ 9,752,798	\$ -	\$ 116,740,766	\$ 31,340,190
Reconciliation of operating income (loss) to net cash provided by operating activities:							
Operating income (loss)	\$ (290,026)	\$ (974,069)	\$ (1,056,302)	\$ (5,065,065)	\$ (193,937)	\$ (7,579,399)	\$ 1,315,727
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:							
Depreciation	310,005	1,503,827	3,752,603	2,251,632	165,202	7,983,269	1,981,228
Change in assets and liabilities:							
Accounts receivable	286,502	(31,515)	(15,045)	(2,216,030)	38,564	(1,937,524)	(94,810)
Prepays, deposits and supplies	-	1,229	3,073,928	-	87,997	3,163,154	73,301
Deferred pension outflows	81,049	111,799	608,795	37,652	-	839,295	318,865
Net pension liability	65,761	226,823	(652,282)	41,502	-	(318,196)	(210,231)
Net OPEB liabilities	(30,948)	(26,823)	(261,362)	(10,539)	-	(329,672)	(19,665)
Accounts payable and other accruals	18,820	1,092,088	437,882	263,643	(234,566)	1,577,867	(13,491)
Accrued payroll	1,594	2,396	(704)	315	(623)	2,978	2,474
Accrued compensated absences	5,866	21,990	(8,284)	(14,404)	-	5,168	-
Deposits payable	(7,203)	(26,017)	(126,733)	40,577	(118,101)	(237,477)	-
Claims Payable	-	-	-	-	-	-	1,085,280
Deferred pension inflows	106,659	143,375	579,185	37,196	-	866,415	301,549
Net Cash provided by (Used for) operating activities	\$ 548,079	\$ 2,045,103	\$ 6,331,681	\$ (4,633,521)	\$ (255,464)	\$ 4,035,878	\$ 4,740,227
Non-cash transactions:							
Investment in LAVVMA JPA equity	\$ -	\$ -	\$ 1,275,502	\$ -	\$ -	\$ 1,275,502	\$ -
Loss on disposal	-	-	(3,199)	-	(241,713)	-	(6,628)
Capital assets transferred	-	-	-	-	(8,802,222)	-	-
Capital assets contributed	-	400,901	631,013	247,163	-	1,279,077	-
Long term liabilities transferred	-	-	-	-	3,227,495	3,227,495	-
	\$ -	\$ 400,901	\$ 1,903,316	\$ 247,163	\$ (5,816,440)	\$ 5,782,074	\$ (6,628)

See accompanying notes to financial statements

Fiduciary Funds

Fiduciary funds account for assets held by the City acting as an agent for various functions. The City has the following fiduciary funds:

SUCCESSOR AGENCY TO THE LIVERMORE REDEVELOPMENT AGENCY PRIVATE PURPOSE TRUST FUND

Established for the assets received from the City's former redevelopment agency in order to liquidate its enforceable obligations, pursuant to Assembly Bill X1 26 which dissolved redevelopment agencies in California.

OTHER POST EMPLOYMENT BENEFITS (OPEB) PENSION TRUST FUND

Established in accordance with GASB statement no. 74 for the defined benefit OPEB plans administered through trusts that meet the specified criteria.

AGENCY FUNDS

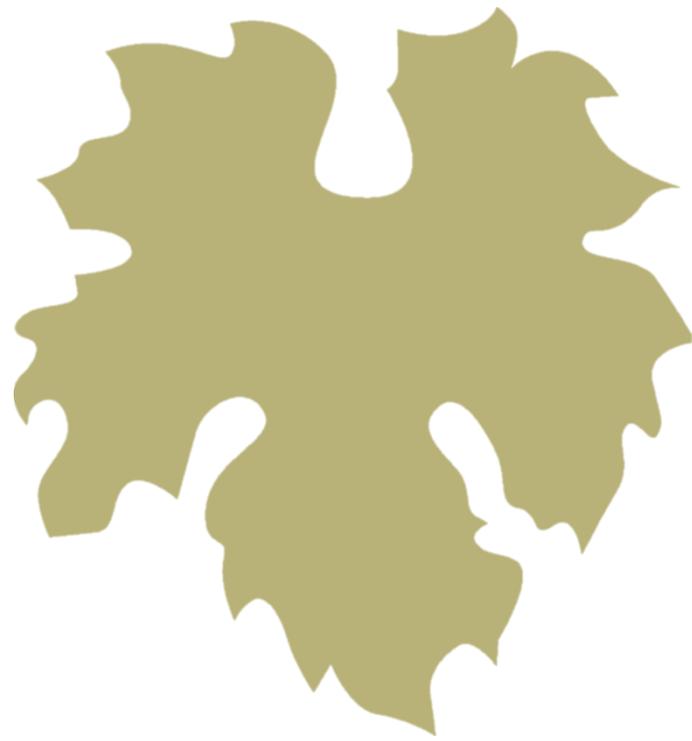
Established to account for assets held by the City in a fiduciary capacity for special assessment districts, Livermore Pleasanton Fire Department, and agency pass through fees.

FIDUCIARY FUNDS STATEMENT OF NET POSITION JUNE 30, 2019			
	Successor Agency to the Livermore Redevelopment Agency Private-Purpose Trust Fund	OPEB Trust Fund	Agency Funds
ASSETS			
Cash and investments in City Treasury (Note 3B)	\$ 4,068,075	\$ -	\$ 14,584,956
Investments with Trustees (Note 3B):			
Cash equivalents	195	467,991	58,011
Equity	-	21,911,625	-
Fixed income	-	6,622,367	-
Negotiable certificates of deposit	-	-	239,882
Mutual funds	-	-	8,356
U.S. Agency Securities	-	-	2,039,202
Real estate investment trust	-	1,027,737	-
Total Assets	<u>4,068,270</u>	<u>30,029,720</u>	<u>16,930,407</u>
LIABILITIES			
Accrued interest	356,654	-	-
Loans payable to City of Livermore:			
Due in more than one year (Note 5 and 17B)	843,438	-	-
Long-term debt (Note 17A):			
Due within one year	1,312,489	-	-
Due in more than one year	20,840,236	-	-
Due to special assessment districts and other agencies	-	-	16,930,407
Total Liabilities	<u>23,352,817</u>	<u>-</u>	<u>\$ 16,930,407</u>
NET POSITION			
Held in trust	<u>\$ (19,284,547)</u>	<u>\$ 30,029,720</u>	

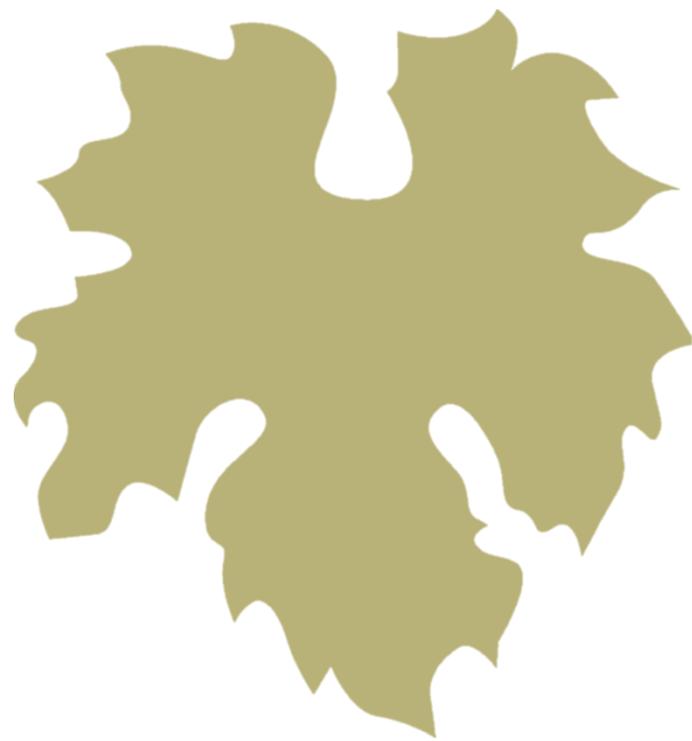
[See accompanying notes to financial statements](#)

FIDUCIARY FUNDS STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FOR THE YEAR ENDED ON JUNE 30, 2019		
	Successor Agency to the Redevelopment Agency Private-Purpose Trust Fund	OPEB Trust Fund
ADDITIONS		
Property taxes	\$ 2,400,653	\$ -
Investment income:		
Net increase in fair value of investments	-	917,228
Interest and dividends	749	937,806
Less: Investments expenses	-	(111,260)
Employer contributions	-	1,996,476
Total Additions	2,401,402	3,740,250
DEDUCTIONS		
Administrative Fee	244,617	-
Development services	9,888	-
Debt service:		
Interest and fiscal charges	768,313	-
Total Deductions	1,022,818	-
Net Change in Net Position	1,378,584	3,740,250
NET POSITION		
Beginning of year	(20,663,131)	26,289,470
End of year	<u>\$ (19,284,547)</u>	<u>\$ 30,029,720</u>

[See accompanying notes to financial statements](#)



NOTES TO
BASIC
FINANCIAL
STATEMENTS



NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

The City of Livermore was incorporated on April 1, 1876. The City operates under the Council-Manager form of government and provides the following services; public safety (police and fire), highways and streets, sewer, water, public improvements, planning and zoning, general administration services and housing services.

The accounting policies of the City conform with generally accepted accounting principles in the United States of America as applicable to governments. The following is a summary of these policies:

A. Reporting Entity

The accompanying basic financial statements present the financial activity of the City, which is the primary government presented, along with the financial activities of its component units, which are entities for which the City is financially accountable. Although they are separate legal entities, *blended* component units are in substance part of the City's operations and are reported as an integral part of the City's financial statements. The City's blended component unit is described below.

The **Livermore Capital Projects Financing Authority (LCPFA)** provides financing assistance to the City and has been included in these financial statements in the LCPFA Debt Service Funds, LCPFA Capital Projects Funds, and as part of the Airport, Water, and Las Positas Golf Course Enterprise Funds. The Authority is controlled by the City and has the same governing body as the City, which also performs all accounting and administrative functions for the Authority.

B. Basis of Presentation

The City's basic financial statements are prepared in conformity with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the United States of America.

These Standards require that the financial statements described below be presented.

Government-wide Statements: The Statement of Net Position and the Statement of Activities display information about the primary government (the City) and its component units. These statements include the financial activities of the overall City government, except for fiduciary activities. 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 generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The Statement of Activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the City and for each function of the City's governmental activities.

Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Certain indirect costs are included in program expenses reported for individual functions and activities.

Program revenues include (a) charges paid by the recipients of goods or services offered by the programs, (b) grants and contributions that are restricted to meeting the operational needs of a particular program and (c) fees, grants and contributions that are restricted to financing the acquisition or construction of capital assets. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (Continued)**B. Basis of Presentation (Continued)**

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. *Operating* revenues and expenses generally result from exchange transactions associated with a proprietary fund's principal ongoing operations. Exchange transactions are those in which each party receives and gives up essentially equal values. The principal operating revenues of the City's enterprise funds and internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. *Non-operating* revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

C. Major Funds

The City's major governmental and business-type funds are identified and presented separately in the fund financial statements. All other funds, called non-major funds, are combined and reported in a single column, regardless of their fund-type.

Major funds are defined as funds that have either assets, liabilities, revenues or expenditures/expenses equal to ten percent of their fund-type total and five percent of the grand total. The General Fund is always a major fund. The City may also select other funds it believes should be presented as major funds.

The City reported the following major governmental funds in the accompanying financial statements:

General Fund – The general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

Low Income Housing Special Revenue Fund – Established to account for the receipt and disbursement of in-lieu low-income housing impact fees collected from developers.

Housing Successor Special Revenue Fund - The City opted to act as the Housing Successor during the time of redevelopment dissolution. This fund was established to account for those transactions related to the former redevelopment agency's low and moderate housing function.

The City reported the following business-type funds as major funds in the accompanying financial statements.

Airport Fund – Established to account for the operations of the Livermore Municipal Airport.

Water Fund - Established to account for the operations of the self-supporting municipal water service. Services are rendered on a user charge basis and impact fees are collected for future water storage needs.

Sewer Fund – Established to account for operations of the self-supporting wastewater disposal plant, the export pipeline, impact fees collected for sewer connections, and urban runoff fees.

Stormwater Fund – Established to account for operations of the self-supporting storm water operations and impact fees collected for storm drain infrastructure.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (Continued)**C. Major Funds (Continued)**

Las Positas Golf Course Fund – Established to account for operations of the Las Positas Golf Course in Livermore.

The City also reports the following fund types:

Internal Service Funds – These funds are used to account for the financing of services and supplies provided by one City department to another on a cost-reimbursement basis. The City operates the Liability Insurance Reserve Fund, Workers Compensation Fund, Fleet and Equipment Services Fund, Information Technology Fund, and Facilities Rehabilitation Projects Fund.

Fiduciary Funds – These funds are used to account for assets held by the City as an agent for various functions. The financial activities of these funds are excluded from the City wide financial statements but are presented in separate Fiduciary Fund financial statements. The City has the following three types of fiduciary funds:

Successor Agency to the Livermore Redevelopment Agency Private Purpose Trust Fund – Established for the assets received from the City's former redevelopment agency in order to liquidate its enforceable obligations, pursuant to Assembly Bill X1 26 which dissolved redevelopment agencies in California as of January 31, 2012. Funds received from the county to pay off enforceable obligations are held in this fund.

Other Post Employment Benefits (OPEB) Trust Fund – Established in accordance with GASB statement no. 74 for the defined benefit OPEB plans administered through trusts that meet the specified criteria.

Agency Funds – Established to account for assets held by the City as an agent for special assessment districts, Livermore Pleasanton Fire Department, and agency pass through fees.

Permanent Fund – The permanent fund is used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the government's programs. Doolan Canyon Endowment Fund accounts for an endowment restricted for items related to mitigation of the burrowing owl habitat.

D. Changes in Funds Reported

On January 28, 2019, the City Council approved a lease agreement for the Las Positas Golf Course (LPGC) with Livermore Management Corporation. Under the new agreement, Livermore Management Corporation will operate the LPGC and pay lease payments of \$50,000 per month to the City. Therefore, the City ended the use of an enterprise fund to account for the LPGC activities and the General Fund assumed the assets as well as liabilities of the LPGC enterprise fund.

E. Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *full 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. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (Continued)**E. Basis of Accounting (continued)**

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. Measurable means the amount of the transaction can be determined and available means the amount is collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City's accrual period is sixty days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability has incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. Thus, such amounts are not current liabilities as their settlement will not require expenditures of existing fund assets.

Financial resources usually are appropriated in other funds for transfer to a debt service fund in the period in which maturing debt principal and interest must be paid. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source. All other revenue items including fines, license, and permits are considered to be measurable and available only when cash is received by the government.

The proprietary and private-purpose trust funds are reported using the economic resources measurement focus and accrual basis of accounting. The Agency funds utilize accrual basis of accounting but has no measurement focus since these are custodial in nature (assets equal liabilities) and do not involve measurement of results of operation.

F. Inventories and Prepaid items

Inventories are valued at cost on an average cost basis and consist of expendable supplies, fuel, vehicle repair parts, and golf shop inventory. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

G. Deferred outflows/Inflows of resources

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (Continued)**H. Pensions**

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 of Livermore's California Public Employees' Retirement System (CalPERS) pension plans (Plans) and additions to/deductions from the Plans' 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.

I. Property Tax Levy, Collection and Maximum Rates

The State of California Constitution Article XIII(A) provides that the combined maximum property tax rate on any given property may not exceed one percent of its assessed value unless an additional amount for general obligation debt has been approved by voters. Assessed value is calculated at 100 percent of market value as defined by Article XIII(A), generally equivalent to the latest sale price, and may be increased by no more than two percent per year unless the property is sold or transferred. Assessed values may be reduced as a result of taxpayer initiated re-assessments or declining sales prices. The State Legislature has determined the method of distribution of receipts from this tax levy among the counties, cities, school districts and other districts.

Secured property tax is due in two installments, on November 1 and February 1, and becomes a lien on those dates. It becomes delinquent on December 10 and April 10, respectively. Unsecured property tax is due on July 1, and become delinquent on August 31.

The term "unsecured" refers to taxes on personal property other than real estate, land and buildings, such as airplanes, boats, etc. These taxes are secured by liens on the property being taxed.

J. Revenue Recognition for Sewer and Operations

Revenues from residential sewer customers are based on annual billings collected on the tax rolls by Alameda County. Revenues for sewer services provided but not billed at the end of the fiscal year are estimated and accrued.

K. Land Held for Redevelopment

Land held for redevelopment includes land parcels used to develop or redevelop blighted properties and are accounted for as investments on the balance sheet at the lower of cost or net realizable value or agreed-upon sales price if a disposition agreement has been made with a developer. Individual parcels which have experienced a market value decline are written down to estimated current market value. No appreciation is recorded if the current market value of an individual parcel exceeds cost.

As of June 30, 2019, the balance of land held for redevelopment was \$1,727,437 in the General Fund and \$11,863,200 in the Low Income Housing Special Revenue Fund.

L. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) 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 expenses during the reporting period. Actual results could differ from those estimates.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (Continued)**M. New Accounting Pronouncements**

GASB Statement No. 83 – In November 2016, GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. During the current fiscal year, the City implemented this statement with no significant impact on the financial statements.

GASB Statement No. 84 – In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. This statement is effective for reporting periods beginning after December 15, 2018. The City has not yet determined its effect on the financial statements.

GASB Statement No. 87 – In June 2017, GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. This statement is effective for reporting periods beginning after December 15, 2019. The City has not yet determined its effect on the financial statements.

GASB Statement No. 88 – In April 2018, GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. Notes to financial statements disclosure requirements include additional essential information related to debt and the separation of information related to direct borrowings and direct placements from other debt. This statement is effective for reporting periods beginning after June 15, 2018. The City has implemented this standard without any significant impact on the financial statements.

GASB Statement No. 89 – In June 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This statement is effective for reporting periods beginning after December 15, 2019. The City has not yet determined its effect on the financial statements.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (Continued)**M. New Accounting Pronouncements (Continued)**

GASB Statement No. 90 – In August 2018, GASB issued Statement No. 90, *Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61*. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government’s majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government’s holding of the equity interest meets the definition of an investment. This statement is effective for reporting periods beginning after December 15, 2018. The City has not yet determined its effect on the financial statements.

GASB Statement No. 91 – In May 2019, GASB Issued Statement No. 91, *Conduit Debt Obligation*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement clarifies the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. This Statement also addresses arrangements—often characterized as leases—that are associated with conduit debt obligations. This Statement is effective for reporting periods beginning after December 15, 2020. Earlier application is encouraged. The City has not yet determined its effect on the financial statements.

NOTE 2- STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**A. Budgeting Procedures**

The City, in general, adopts a biennial operating budget on or before June 30 for each of the ensuing two fiscal years for all funds except the Fiduciary Funds and the Developer Deposits Capital Projects Fund. The operating budget takes the form of a two-year financial plan which is adopted in its entirety by the City Council by a resolution. A mid-period review is conducted in the off-year and appropriations are adjusted accordingly. The fiscal year begins on July 1 and ends on June 30 of the following year. As Livermore is a general law city, it is not subject to a budgetary process prescribed by statute or charter.

The operating budget is subject to supplemental appropriations throughout its term in order to provide flexibility to meet changing needs and conditions. A resolution approving a supplemental appropriation is necessary when the original total appropriations for that fund would be exceeded. Similarly, supplemental appropriations and budget transfers between funds and projects need approval from the City Council. Budget adjustments within the same fund may be approved by the City Manager as long as the total appropriation does not exceed the total approved limit for that fund. All appropriations and encumbrances lapse at year-end. Valid outstanding encumbrances (those for which performance under executory contract is expected in the next fiscal year) are re-appropriated and become part of the subsequent year’s budget.

The operating budget is on a program basis; however, the legal level of budgetary control is at the fund level. For governmental funds, the budget is prepared on a modified accrual basis consistent with generally accepted accounting principles (GAAP), except that land held for redevelopment is treated as an expenditure when purchased, proceeds from the disposition of this land is treated as revenue when measurable and available, and transfers (to) or from different fund categories are treated as budgetary resources (uses). Organizational priorities which have been developed by City Council and City staff are implemented at the program level.

NOTE 2- STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

B. Expenditures in Excess of Appropriations

The funds below incurred expenditures in excess of appropriations in the amounts below. These funds had sufficient fund balances or expected future revenues to finance these expenditures.

Fund	Excess of Expenditures Over Appropriations
Gas Tax Fund	\$ 172,674
Doolan Canyon Endwoment Fund	13,865

C. Fund Balance Deficits / Net Position Deficits

As of June 30, 2019, the following funds had fund balance/net position deficits:

Fund	Amount of Deficit
Horizon Special Revenue Fund	\$ 31,544
Isabel Avenue Capital Projects Fund	306,159
Liability Insurance Reserve Internal Service Fund	583,082

The City expects these deficits to be eliminated by future revenues.

NOTE 3 – CASH AND INVESTMENTS

The City pools cash from all sources and all funds, except Cash and Investments held by Trustees, so that it can be invested at the maximum yield consistent with safety and liquidity, while individual funds can make expenditures at any time.

A. Policies

California Law requires banks and savings and loan institutions to pledge government securities with a market value of 110% of the City’s cash on deposit, or first trust deed mortgage notes with a market value of 150% of the deposit, as collateral for these deposits. Under California Law this collateral is held in a separate investment pool by another institution in the City’s name and the City is placed ahead of general creditors of the institution.

The City invests in individual investments and in investment pools. Individual investments are evidenced by specific identifiable *securities instruments*, or by an electronic entry registering the owner in the records of the institution issuing the security, called the book entry system. In order to increase security, the City employs the Trust Department of a bank as the custodian of certain City managed investments, regardless of their form.

The City’s investments are carried at fair value, as required by generally accepted accounting principles. The City adjusts the carrying value of its investments to reflect their fair value at each fiscal year end, and it includes the effects of these adjustments in income for that fiscal year.

Cash and investments are classified in the financial statements as shown below, based on whether or not their use is restricted under the terms of City debt instruments or Agency agreements.

NOTE 3 – CASH AND INVESTMENTS (Continued)

B. Classification

Cash and investments in City Treasury	\$ 309,725,429
Cash and investments with Trustees	1,983,309
Total City cash and investments	311,708,738
Cash and investments in Fiduciary Funds (Separate Statement)	
In City Treasury	18,653,031
With Trustees	32,375,366
Total Fiduciary cash and investments	51,028,397
Total cash and investments	\$ 362,737,135

Cash and investments available for operations is used in preparing proprietary fund statements of cash flows because these assets are highly liquid and are expended to liquidate liabilities arising during the year.

C. Investments Authorized by the California Government Code and the City’s Investment Policy

The City’s Investment Policy and the California Government Code allow the City to invest in the following Investment types, provided the credit ratings of the issuers are acceptable to the City and the approved percentages and maturities are not exceeded. The table below also identifies certain provisions of the California Government Code, or the City’s Investment Policy where the City’s Investment Policy is more restrictive.

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
California Local Agency Bonds*	5 years	A	None	None
U.S. Treasury Bills and Notes	5 years	N/A	None	None
Obligations issued by United States Government Agencies	5 years	N/A	None	None
Bankers Acceptances	180 days	A	40%	30%
Commercial Paper	270 days	A1/P1	10%	10%
Negotiable Certificates of Deposit	5 years	None	30%	None
Repurchase Agreements	1 year	None	20%	None
Reverse Repurchase Agreements	92 days	None	20%	None
Medium Term Corporate Notes	5 years	A	30%	None
Money Market Mutual Funds	5 years	Top rating category	15%	10%
Collateralized Notes, Bonds, or Other Obligations Secured by First Priority Security Interest	5 years	N/A	None	None
Certificates of Deposit	5 years	N/A	30%	None
California Local Agency Investment Fund	5 years	N/A	\$65 million per account	\$65 million per account
Passbook Savings Account	N/A	N/A	N/A	N/A
Supranationals	5 Years	AA	30%	None

* No Maximum Maturity or minimum rating on Bonds issued by the City of Livermore.

Under the City’s Investment Policy, investments not described above are ineligible investments. In addition, the City may not invest any funds in inverse floaters, range notes, or interest only strips that are derived from a pool of mortgages in accordance with the California Government Code. With the exception of callable federal agency securities, any security that derives its value from another asset or index is prohibited. In addition, the City may not invest any funds in any security that could result in zero interest accrual if held to maturity.

NOTE 3 – CASH AND INVESTMENTS (Continued)

D. Investments Authorized by Debt and Trust Agreements

The City and the Successor Agency to the former Redevelopment Agency must maintain required amounts of cash and investments with trustees or fiscal agents under the terms of certain debt issues. These funds are unexpended bond proceeds or are pledged reserves to be used if the City and/or the Successor Agency fail to meet their obligations under these debt issues. The California Government Code requires these funds to be invested in accordance with the City resolutions, bond indentures or State statutes. The Public Agency Retirement Services (PARS) administers the City’s retiree healthcare benefit trust and related investments. These investments are covered under a separate investment policy managed by PARS. Refer to footnote 11B for details. The table below identifies the investment types that are authorized for investments held by fiscal agents.

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality	Maximum % Allowed
U.S. Treasury Bills and Notes	No Limit	NA	No Limit
Federal and Local Agency Obligations	No Limit	NA	No Limit
Federal funds, unsecured certificates of deposit, time deposits & bankers acceptances	Not more than 360 days	A-1 or A-1+ by S&P and P-1 by Moody	No Limit
Commercial Paper	Not more than 270 days	A-1+ by S&P and P-1 by Moody	No Limit
Money Market Mutual Funds	No Limit	AAAm or AAAm-G or better by S&P	No Limit
Municipal Bonds	No Limit	Aaa or AAA or general obligations of states with a rating of A2/A or high by Moody, S&P, or Fitch	No Limit
California Local Agency Investment Fund (LAIF)	NA	NA	\$65 million per account
Repurchase Agreements	6 mo. or less	Equal to or better than existing Certificates by Moody’s	No Limit
Investment Agreements	No Limit	Equal to or better than existing Certificates by Moody’s	No Limit
Pre-refunded municipal obligations	No Limit	Aaa by Moody’s & AAA by S&P; if no Moody’s rating, then must have been pre-refunded with cash.	No Limit
PARS	See Note 11B(v)	NA	See Note 11B(v)

E. Local Agency Investment Fund

The City is a participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The City reports its investment in LAIF at the fair value amount provided by LAIF, which is the same as the value of the pool share. The balance is available for withdrawal on demand, and is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Included in LAIF’s investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, loans to certain state funds, and floating rate securities issued by federal agencies, government-sponsored enterprises, United States Treasury Notes and Bills, and corporations. At June 30, 2019, these investments matured in an average of 173 days.

F. Interest Rate Risk

Interest rate risk represents how changes in market interest rates will adversely affect the fair value of an investment. Normally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The City generally manages its interest rate risk by holding investments to maturity. Information about the sensitivity of the fair values of the City’s investments (including investments held by bond trustees) to market interest rate fluctuations is provided by the table on the next page that shows the distribution of the City’s investments by maturity. Money Market funds and mutual funds were available for withdrawal on demand at June 30, 2019 with an average maturity of 30 days or less.

NOTE 3 – CASH AND INVESTMENTS (Continued)

F. Interest Rate Risk (Continued)

Investment Type	12 Months or less	13 to 24 Months	25 to 60 Months	More than 60 Months	Total
U.S. Government-Sponsored Enterprise Agencies -					
Callable	\$ 40,034,954	\$ 30,010,366	\$ 55,068,808	\$ -	\$ 125,114,128
Non-callable	22,539,133	28,837,783	17,284,956	-	68,661,872
California Local Agency Investment Fund	49,391,528	-	-	-	49,391,528
Mutual Funds	30,265,429	-	-	-	30,265,429
Money Market Mutual Funds - Sweep Account	19,644,867	-	-	-	19,644,867
Negotiable Certificates of Deposit	1,716,737	3,917,705	2,961,491	-	8,595,933
Medium Term Corporate Notes	10,562,594	5,014,000	47,992,730	-	63,569,324
Municipal Bonds	-	-	-	964,537	964,537
Total Investments	\$ 174,155,242	\$ 67,779,854	\$ 123,307,985	\$ 964,537	366,207,618
Cash Equivalent (Overdraft)					(3,470,483)
Total Cash and Investments					\$ 362,737,135

G. 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 actual rating as of June 30, 2019 for each investment type as provided by Standard and Poor’s investment rating service.

Investment Type	AAA	AA	A	BBB	Not Rated	Total
<i>Rated:</i>						
U.S. Government-Sponsored Enterprise Agencies -						
Callable	\$ -	\$ 125,114,128	\$ -	\$ -	\$ -	\$ 125,114,128
Non-callable	-	68,661,872	-	-	-	68,661,872
California Local Agency Investment Fund	-	-	-	-	49,391,528	49,391,528
Mutual Funds	703,700	-	-	-	29,561,729	30,265,429
Money Market Mutual Funds - Sweep Account	-	-	-	-	19,644,867	19,644,867
Negotiable Certificates of Deposit	-	-	-	-	8,595,933	8,595,933
Medium Term Corporate Notes	-	2,540,972	52,907,779	8,120,573	-	63,569,324
Municipal Bonds	-	-	-	-	964,537	964,537
Total Investments	\$ 703,700	\$ 196,316,972	\$ 52,907,779	\$ 8,120,573	\$ 108,158,594	366,207,618
Cash Equivalent (Overdraft)						(3,470,483)
Total Cash and Investments						\$ 362,737,135

H. Concentration of Credit Risk

Investments in the securities of any individual issuer, other than U. S. Treasury securities, mutual funds, and external investment funds that represent 5% or more of total investments are as follows at June 30, 2019:

Issuer	Type of Investments	Amount
<i>Entity-wide:</i>		
Federal Farm Credit Bank	U.S. Agency Securities	\$ 41,599,175
Federal Home Loan Bank	U.S. Agency Securities	68,870,924
Federal Home Loan Mortgage Association	U.S. Agency Securities	48,509,201
Federal National Mortgage Association	U.S. Agency Securities	34,796,700

NOTE 3 – CASH AND INVESTMENTS (Continued)

I. Fair Value Measurement of Investments

The City categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value. The following provides a summary of the hierarchy used to measure fair value:

Level 1 - Quoted prices in active markets for identical assets that the City has the ability to access at the measurement date. Level 1 assets may include debt and equity securities that are traded in an active exchange market and that are highly liquid and are actively traded in over-the-counter markets.

Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, or other inputs that are observable, such as interest rates and curves observable at commonly quoted intervals, implied volatilities, and credit spreads. For financial reporting purposes, if an asset has a specified term, a Level 2 input is required to be observable for substantially the full term of the asset.

Level 3 - Unobservable inputs should be developed using the best information available under the circumstances, which might include the City's own data. The City should adjust that data if reasonable available information indicates that other market participants would use different data or certain circumstances specific to the City are not available to other market participants.

The City's fair value measurements are as follows at June 30, 2019:

	Fair Value Measurements Using Levels		
	Level 2	Level 3	June 30, 2019
U.S. Government-Sponsored Enterprise Agencies			
Callable	\$ 125,114,128	\$ -	\$ 125,114,128
Non-callable	68,661,872	-	68,661,872
Medium Term Corporate Notes	63,569,324	-	63,569,324
Municipal Bonds	-	964,537	964,537
Negotiable Certificates of Deposit	8,595,933	-	8,595,933
Total investments measured at fair value	\$ 265,941,257	\$ 964,537	266,905,794
Investments Measured at Amortized Cost:			
Mutual Funds			30,265,429
Money Market Mutual Funds - Sweep Account			19,644,867
Investments Exempt from Fair Value Hierarchy:			
California Local Agency Investment Fund			49,391,528
Cash Equivalent (Overdraft)			(3,470,483)
Total Cash and Investments			\$ 362,737,135

The California Local Agency Investment Fund (LAIF) is valued using a factor provided in the Pooled Money Investment Account (PMIA) Performance Report by the State Treasurer's Office. Investments classified in Level 2, were valued using prices provided by the City's custodian bank. Fair value is defined as quoted market value on the last day of the period.

The City issued Pleasant View Limited Obligation Improvement Bonds, Series 2018 for and on behalf of Assessment District No.2016-2 in the amount of \$967,537 on June 14, 2018 as a direct placement debt. The City then purchased these bonds as an investment. These investments are not traded in the open market and, therefore, measured at Level 3 as per GASB Statement No. 72 since the valuation inputs for this bond are unobservable. As of June 30, 2019, the balance outstanding for these bonds is \$964,537. Additional information is provided in Note 8.

NOTE 4 - INTERFUND TRANSACTIONS

A. Current Interfund Balances

Current interfund balances arise in the normal course of business and represent short-term borrowings occurring as a result of expenditures which are paid prior to the receipt of revenues. These balances are expected to be repaid shortly after the end of the fiscal year when revenues are received. Current amounts due from one fund to another at June 30, 2019 was as follows:

Due from Other Funds		Amount
General Fund	Special Revenue Fund	
	Horizons	\$ 14,651
Capital Projects Fund	Capital Projects Fund	
Traffic Impact Fee	Isabel Avenue	275,979
	TOTAL	<u>\$ 290,630</u>

B. Transfers between Funds

With Council approval, resources may be transferred from one City fund to another. The purpose of the majority of transfers is to subsidize operations of programs and funds which are not self-sustaining. Less often, a transfer may be made to open or close a fund. Interfund transfers for the year ended June 30, 2019 are summarized below.

Fund Receiving Transfers	Fund Making Transfers	Amount Transferred
General Fund	Low Income Housing Fund	\$ 122,039 A
	Stormwater Enterprise Fund	225,518 B
	Non-Major Governmental Funds	552,703 C
Low Income Housing Fund	Non-Major Governmental Funds	1,216 A
Las Positas Golf Course Enterprise Fund	General Fund	1,668,194 D
Non-Major Governmental Funds	General Fund	4,293,877 E
	Non-Major Governmental Funds	548,688 F
Total Interfund Transfers		<u>\$ 7,412,235</u>

- A - Transfer for operating costs
- B - To fund capital projects
- C - Transfer for operating costs, except \$100,000 for CIP projects
- D - Transfer for Las Positas Golf Course fund close out
- E - Transfers of approximately \$3.7 million for debt service payments and remaining for operating costs
- F - Transfers of approximately \$320K for debt service payments, \$212K for CIP projects and remaining for operating costs

In addition to the transfers listed above, the City made the following non-cash transfer during the current fiscal year:

As discussed in footnote 1(D), the City stopped operating the Las Positas Golf Course (LPGC) as an enterprise fund and General Fund assumed assets and liabilities for the LPGC Enterprise Fund. Consequently, the LPGC Enterprise Fund transferred capital assets of \$8,802,222 and long-term liabilities of \$3,564,747 to the governmental activities. The transfer for long term liabilities included a transfer of \$3,227,495 for long-term debt and \$337,252 for compensated absences, pension and OPEB related items.

C. Long-Term Interfund Advances

The City's General Fund made an advance of \$4,720,000 to the Other Impact Fees Special Revenue Fund for downtown revitalization and the loan will be repaid to the General Fund as the fees are collected. No payment was made during fiscal year 2018-2019. The balance as of June 30, 2019 is \$3,880,245.

NOTE 4 - INTERFUND TRANSACTIONS (Continued)

C. Long-Term Interfund Advances (Continued)

During fiscal year 2008-2009, the City restructured advances of \$1,393,934 to the Las Positas Golf Course Enterprise Fund from the General Fund. The term of the loan was 15 years and the interest rate was 3% compounded annually. The City restructured the outstanding balance of the advance again during fiscal year 2012-13 by lowering the interest rate to 2% and advancing an additional \$441,110. During fiscal year 2018-2019, the City entered into a full lease operation agreement with one contractor and as a result no longer accounts for the golf course operations in an enterprise fund. The outstanding advance balance of \$1,102,891 was written off, reflected as bad debt expense in the General Fund and a gain in the Las Positas Golf Course fund.

During fiscal year 2011-12, the General Fund purchased a parcel of land and certain easements related to the El-Charro Specific Development from the Airport Enterprise Fund in exchange for another parcel of land and certain credits allowed by the Airport Enterprise Fund. As a result of this transaction, the General Fund recognized an interfund loan of \$1,027,556 from the Airport Enterprise Fund in fiscal year 2012-13. Per the original payment schedule, the General Fund was to pay this interfund loan over a period of ten years with final payment due on June 30, 2021. Annual interest is equal to the Treasury Department’s Annual Current Value of Funds Rate and is accrued on the unpaid balance. During the current fiscal year, the General Fund paid off this loan early by paying the full outstanding balance of \$359,493.

D. Internal Balances

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the government’s airport, water, sewer, and golf course functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Internal balances are presented in the City-wide financial statements only. They represent the net interfund receivables and payables remaining after the elimination of all such balances within governmental and business-type activities.

NOTE 5 - NOTES RECEIVABLE

As of June 30, 2019 Notes Receivables balances are as follows:

	Housing Successor	Low Income Housing	Housing & Community Assistance	Other Local, State and Federal Grants	Other Special Revenue Funds	Total
Deferred Second Mortgage Program	\$ -	\$ 17,232,097	\$ 1,071,545	\$ 1,814,332	\$ -	\$ 20,117,974
Rehabilitation Loan Program	-	346,711	955,755	199,488	-	1,501,954
Valley Care Senior Housing Project	-	800,000	-	-	-	800,000
Livermore Housing Authority	-	-	-	510,000	-	510,000
Loans to Successor Agency of the former						
Redevelopment Agency	843,438	-	-	-	-	843,438
Eden Housing Project	1,306,920	-	-	-	-	1,306,920
Livermore Independent Living Associates Project	2,805,939	-	-	-	-	2,805,939
Affordable Housing Loans	178,700	-	-	-	-	178,700
California Water Service Agreement(s)	-	-	-	-	102,516	102,516
Totals	\$ 5,134,997	\$ 18,378,808	\$ 2,027,300	\$ 2,523,820	\$ 102,516	\$ 28,167,441

NOTE 5 - NOTES RECEIVABLE (Continued)

The City administers the Deferred Second Mortgage Program using Low Income Housing Fund revenues and a Rehabilitation Loan Program using Community Development Block Grants. Under these Programs, individuals with incomes below a certain level are eligible to receive low interest loans, secured by second deeds of trust, to help purchase their home or rehabilitate it. Upon approval of loans, the City disburses the funds, arranges for and collects repayments.

As part of the Valley Care Senior Housing Project, the former Redevelopment Agency (RDA) transferred funds to the City's Housing and Community Assistance Fund in fiscal year 2001-2002. These funds were used to finance the Developer Loan in the amount of \$800,000; this loan was used to partially finance City and County Development Fees. The loan is due in January 2058 bearing the interest rate of ten percent and is secured by a subordinated deed of trust. If the project maintains affordability covenants through maturity the interest rate will drop to five percent and eventually the five percent interest accrued will be forgiven.

In fiscal year 2005-2006, the City loaned Livermore Housing Authority \$510,000 from the Housing Trust Fund to be used for the acquisition of six units for low-income individuals located at 2276-2280 Chestnut Street. The loan bears interest at 3.00% per annum on the outstanding principal from the date of the closing of the permanent loan. The principal and all the interest will be payable on the earlier of the date the property is sold or when the permanent loan is refinanced. In the event of residual receipts, payments of principal and interest will commence on July 1, 2008 until the loan is paid in full or terminated.

The former RDA engaged in programs designed to encourage construction of or improvement to low-to-moderate income housing. Under these programs, grants or loans are provided under favorable terms to homeowners or developers who agree to expend these funds in accordance with the Agency's terms. With the dissolution of the former Redevelopment Agency the City became the Successor to the former Redevelopment Agency's housing activities and as a result, the Housing Successor Fund assumed the notes receivable of the former Redevelopment Agency's Low and Moderate Income Housing Fund. The balances of the notes receivable in the Housing Successor Fund at June 30, 2019 are set forth below:

During the fiscal year ended June 30, 2010, the former RDA approved an interfund advance of \$1,561,803 from the Low and Moderate Income Housing fund to the former RDA's Capital Projects Fund to make the required payment to the Supplemental Education Revenue Augmentation Fund (SERAF). During the fiscal year ended June 30, 2011, the former RDA approved a second interfund advance in the amount of \$321,548 for a total of \$1,883,351. As of June 30, 2019, the outstanding balance is \$843,438.

During fiscal year 1992, the former RDA loaned a developer \$1,520,605 as part of the Eden Housing Project agreement, the proceeds of which were used for land acquisition and development of low and moderate income housing. As of June 30, 2019, the loans had an outstanding balance of \$1,306,920. This loan bears interest at 3% compounded annually and is subordinated to permanent bank loans.

In 2009, the former RDA agreed to a property tax loan, extended to the Livermore Senior Associates LLC, which bears interest at 4%. Annual repayments begin after the project is complete commencing in year eight from available cash flows of the project. In fiscal year 2017-18, loan advances have ceased and the loan repayment period commenced. As of June 30, 2019, the outstanding loan balance was \$805,939. Additionally, in the year 2006, the City of Livermore granted \$2.0 million in funds to the former RDA for use towards developing the Valley Care Center. The former RDA then loaned those funds to the developer with a repayment term of 40 years at 3% interest. At this time, the Housing Successor Agency has a receivable for \$2,000,000 from the developer. As of June 30, 2019, the total balance of these loans is \$2,805,939.

In April 2011, the former RDA loaned an individual \$199,032 from low and moderate income housing funds to be used for the purchase of an affordable housing unit. An additional loan of \$61,000 was granted to the Housing Consortium of the East Bay to assist with the acquisition of a below market rate unit. The balance of the two loans as of June 30, 2019 is \$178,700.

NOTE 5 - NOTES RECEIVABLE (Continued)

In July 1990 and September 1992, the City and California Water Service Company (“Calwater”) entered into agreements to make annual payments for a term of 40 years to the City of Livermore for water lines sold to Calwater under Consolidated Refunding District 2002, College Avenue. The balance outstanding on this loan on June 30, 2019 is \$102,516.

NOTE 6 – CAPITAL ASSETS

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are valued at acquisition cost. The City’s policy is to capitalize infrastructure with a cost exceeding \$100,000 and other capital assets with a cost exceeding \$5,000 and with useful lives exceeding one year.

The City has recorded all its public domain (infrastructure) capital assets, which include roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems in its government-wide financial statements.

All capital assets with limited useful lives are depreciated over their estimated useful lives. The purpose of depreciation is to spread the cost of capital assets equitably among all users over the life of the assets. The amount charged to depreciation expense each year represents that year’s pro rata share of the cost of capital assets.

Depreciation of all capital assets is charged as an expense against operations each year and the total amount of depreciation taken over the years, called accumulated depreciation, is reported on statement of Net Position as a reduction in the book value of the capital assets.

Depreciation of capital assets in service is provided using the straight line method which means the cost of the asset is divided by its expected useful life in years and the result is charged to expense each year until the asset is fully depreciated. The City has assigned the useful lives listed below to capital assets.

Buildings	25-50 years
Improvements	20-50 years
Equipment	3-20 years
Library books	3-20 years
Licensed Vehicles	3-20 years
Infrastructure	25-50 years

NOTE 6 – CAPITAL ASSETS (Continued)

A. Capital Asset Additions and Retirements

Capital asset activity for the year ended June 30, 2019 comprises the following:

	Balance at June 30, 2018	Additions	Retirements and Adjustments	Transfers/ Reclassification	Balance at June 30, 2019
Governmental activities					
Governmental Fund Capital Assets					
Capital assets not being depreciated:					
Land	\$ 36,365,936	\$ 1,794,991	\$ -	\$ 725,484	\$ 38,886,411
Intangible asset - easement	4,517,994	-	-	-	4,517,994
Construction in progress	56,093,023	18,776,584	-	19,370	74,888,977
Subtotal	96,976,953	20,571,575	-	744,854	118,293,382
Capital assets being depreciated, cost:					
Office equipment	8,640,770	55,373	-	-	8,696,143
Other equipment	7,750,538	37,358	(31,702)	84,340	7,840,534
Library books	2,062,340	-	-	-	2,062,340
Licensed vehicles	261,992	-	-	-	261,992
Infrastructure	315,948,124	1,016,771	-	6,952,432	323,917,327
Buildings	112,746,334	-	-	5,303,872	118,050,206
Subtotal	447,410,098	1,109,502	(31,702)	12,340,644	460,828,542
Accumulated Depreciation:					
Office equipment	(8,129,281)	(100,100)	-	-	(8,229,381)
Other equipment	(6,369,346)	(453,810)	31,702	(82,859)	(6,874,313)
Library books	(2,062,340)	-	-	-	(2,062,340)
Licensed vehicles	(39,060)	(19,530)	-	-	(58,590)
Infrastructure	(158,878,495)	(8,132,768)	-	(2,059,566)	(169,070,829)
Buildings	(34,497,123)	(2,316,052)	-	(2,140,851)	(38,954,026)
Subtotal	(209,975,645)	(11,022,260)	31,702	(4,283,276)	(225,249,479)
Net Governmental Funds capital assets being depreciated	237,434,453	(9,912,758)	-	8,057,368	235,579,063
Total Governmental Funds capital assets	\$ 334,411,406	\$ 10,658,817	\$ -	\$ 8,802,222	\$ 353,872,445

	Balance at June 30, 2018	Additions	Retirements and Adjustments	Transfers/ Reclassification	Balance at June 30, 2019
Internal Service Fund Capital Assets					
Capital assets not being depreciated:					
Construction in progress	\$ 77,944	\$ 64,591	\$ -	\$ (47,720)	\$ 94,815
Subtotal	77,944	64,591	-	(47,720)	94,815
Capital assets being depreciated, cost:					
Office equipment	2,440,684	106,167	-	6,022	2,552,873
Other equipment	753,113	41,992	(6,394)	7,642	796,353
Infrastructure	12,388,178	-	-	-	12,388,178
Licensed vehicles	16,475,233	394,113	(102,610)	34,056	16,800,792
Subtotal	32,057,208	542,272	(109,004)	47,720	32,538,196
Accumulated Depreciation:					
Office equipment	(1,308,040)	(446,210)	-	-	(1,754,250)
Other equipment	(460,172)	(61,898)	6,394	-	(515,676)
Infrastructure	(1,815,303)	(430,343)	-	-	(2,245,646)
Licensed vehicles	(10,123,351)	(1,042,777)	95,982	-	(11,070,146)
Subtotal	(13,706,866)	(1,981,228)	102,376	-	(15,585,718)
Net Internal Service Fund capital assets being depreciated	18,350,342	(1,438,956)	(6,628)	47,720	16,952,478
Total Internal Service Funds	18,428,286	(1,374,365)	(6,628)	-	17,047,293
Governmental activity capital assets, net	\$ 352,839,692	\$ 9,284,452	\$ (6,628)	\$ 8,802,222	\$ 370,919,738

NOTE 6 – CAPITAL ASSETS (Continued)

A. Capital Asset Additions and Retirements (Continued)

	Balance at June 30, 2018	Additions	Retirements and Adjustments	Transfers/ Reclassification	Balance at June 30, 2019
<i>Business-type activities</i>					
Capital assets not being depreciated:					
Land	\$ 14,106,408	\$ -	\$ -	\$ (725,484)	\$ 13,380,924
Land improvements	634,433	-	-	-	634,433
Construction in progress	12,767,556	2,437,747	(58,218)	(46,765)	15,100,320
Subtotal	27,508,397	2,437,747	(58,218)	(772,249)	29,115,677
Capital assets being depreciated:					
Office equipment	943,504	-	(98,640)	-	844,864
Other equipment	2,936,462	55,876	(521,264)	(56,945)	2,414,129
Licensed Vehicles	525,266	-	-	-	525,266
Airport infrastructure	11,601,545	-	-	-	11,601,545
Water infrastructure	48,666,000	400,901	-	-	49,066,901
Sewer infrastructure	131,705,616	631,013	(23,500)	-	132,313,129
Storm Drain infrastructure	104,148,774	211,663	-	-	104,360,437
Stormwater infrastructure	620,593	35,500	-	-	656,093
Las Positas GC infrastructure	12,461,702	-	(5,509,270)	(6,952,432)	-
Buildings	27,978,324	-	-	(5,303,872)	22,674,452
Subtotal	341,587,786	1,334,953	(6,152,674)	(12,313,249)	324,456,816
Accumulated Depreciation:					
Office equipment	(394,816)	(60,556)	98,640	-	(356,732)
Other equipment	(2,060,458)	(149,489)	337,768	82,859	(1,789,320)
Licensed Vehicles	(520,765)	-	-	-	(520,765)
Airport infrastructure	(10,799,065)	(71,941)	-	-	(10,871,006)
Water infrastructure	(22,531,257)	(1,447,628)	-	-	(23,978,885)
Sewer infrastructure	(78,223,380)	(3,424,360)	20,302	-	(81,627,438)
Storm Drain infrastructure	(81,226,424)	(2,216,066)	-	-	(83,442,490)
Stormwater infrastructure	(33,232)	(32,657)	-	-	(65,889)
Las Positas GC infrastructure	(7,501,369)	(67,467)	5,509,270	2,059,566	-
Buildings	(11,553,241)	(513,105)	-	2,140,851	(9,925,495)
Subtotal	(214,844,007)	(7,983,269)	5,965,980	4,283,276	(212,578,020)
Net capital assets being depreciated	126,743,779	(6,648,316)	(186,694)	(8,029,973)	111,878,796
Business-type activity capital assets, net	\$ 154,252,176	\$ (4,210,569)	\$ (244,912)	\$ (8,802,222)	\$ 140,994,473

B. Capital Asset Contributions

Some capital assets may be acquired using Federal and State grant funds, or they may be contributed by developers or other governments. GASB 34 requires that these contributions be accounted for as revenues at the time the capital assets are contributed.

C. Depreciation Allocation

Depreciation expense was charged to functions and programs based on their usage of the related assets. The amount allocated to each function or program was as follows:

NOTE 6 – CAPITAL ASSETS (Continued)

C. Depreciation Allocation (Continued)

	Depreciation Expense	
	<i>Governmental</i>	<i>Business-Type</i>
	<i>Activities</i>	<i>Activities</i>
General Government	\$ 3,425	\$ -
Fire	267,615	-
Police	215,832	-
Public Works	8,599,267	-
Community Development	1,327,210	-
Library	608,911	-
Internal Service Funds	1,981,228	-
Airport	-	310,005
Water	-	1,503,827
Sewer	-	3,752,603
Storm Water	-	2,251,632
Las Positas Golf Course	-	165,202
Total Depreciation Expense	\$ 13,003,488	\$ 7,983,269

NOTE 7 – LONG-TERM LIABILITIES

A. Long-Term Debt Schedule:

The City's debt comprises bonds, loans, notes, certificates of participation (COP), and refunding certificates of participation. Certificates of participation are similar to debt; they allow investors to participate in a share of guaranteed payments, which are made by the City. Because they are similar to debt, the present value of the total of the payments to be made by the City is recorded as long-term debt. Details of the individual debt issues and transactions are set forth below:

	Balance at			Balance at	Current
	June 30, 2018	Adjustments	Retirements	June 30, 2019	Portion
Governmental Activities					
Certificates of Participation:					
2011, 3.00 - 5.25%, 2042	\$ 11,739,696	\$ -	\$ 283,784	\$ 11,455,912	\$ 294,986
2014A, variable rate, 2041	9,030,000	-	105,000	8,925,000	120,000
2014B, variable rate, 2030	32,988,910	3,227,495	2,301,923	33,914,482	2,583,709
Housing & Urban Development Loan, varies, 2030	1,793,715	-	126,395	1,667,320	126,758
Internal Service Funds:					
Capital Lease Obligations:					
Banc of America Equipment Lease/Purchase Loan	8,839,538	-	650,422	8,189,116	625,970
IT Lease Purchase	312,610	-	312,610	-	-
Total governmental activities debt	\$ 64,704,469	\$ 3,227,495	\$ 3,780,134	\$ 64,151,830	\$ 3,751,423
Business-type Activities					
Airport					
Certificates of Participation:					
2011, variable rate, 2042	\$ 3,980,304	\$ -	\$ 96,216	\$ 3,884,088	\$ 100,014
2014B, variable rate, 2030	1,031,484	-	71,976	959,508	73,098
Capital Lease Obligations:					
Banc of America Equipment Lease/Purchase Loan	346,845	-	25,552	321,293	24,591
Water					
Certificates of Participation:					
2014B, variable rate, 2030	3,855,007	-	268,997	3,586,010	273,193
Las Positas Golf Course					
Certificates of Participation:					
2014B, variable rate, 2030	3,469,599	(3,227,495)	242,104	-	-
Golf Equipment Lease	46,126	-	46,126	-	-
Total business-type activities debt	\$ 12,729,365	\$ (3,227,495)	\$ 750,971	\$ 8,750,899	\$ 470,896

NOTE 7 – LONG-TERM LIABILITIES (Continued)**B. Long Term Debt****CERTIFICATES OF PARTICIPATION:**2011 Certificates of Participation

On June 1, 2011, \$17,470,000 principal amount of **2011 Certificates of Participation**, (2011 COP) were issued to fund the costs of design and development of a two-mile extension of Jack London Boulevard, storm drainage facilities, including a 40 acre southern conveyance facility, and to construct a new 8,400 square foot Airport Administration Building for the Livermore Municipal Airport. Semiannual interest payments are due February 1 and August 1, commencing February 1, 2012. Annual principal payments are due August 1, commencing on August 1, 2013. Debt service payments are being made by the Airport Enterprise Fund and the General Fund.

2014 Variable Rate Demand Certificates of Participation

On November 7, 2014, \$9,380,000 principal amount of **2014 Variable Rate Demand Certificates of Participation Series A**, (2014 COP Series A) were issued to fund the acquisition of the site and facilities of the Bankhead Theater; and \$49,720,000 principal amount of **2014 Variable Rate Demand Certificates of Participation Series B**, (2014 COP Series B) were issued to refund the outstanding balance of the 2008 COP in the amount of \$39,411,268 and to fund the costs of executing and delivery of the Certificates. The refunding did not result in any significant economic gain or loss.

Annual principal payments are due August 1, commencing on August 1, 2016 through 2042 and through 2031 for Series A and B, respectively. Interest rates on the City's 2014 COP Series A and B are reset daily, using the "put" mechanism described below. The 2014 COP are periodically subject to repurchase at par, referred to as a "put". Once a put occurs, the remarketing agent resells the certificates at par by setting new interest rates and repurchase dates. Each daily interest rate is the rate of interest per annum determined by the Remarketing Agent to be the minimum interest rate that would enable the Certificates to be sold on the effective date. The calculation is based on the examination of comparable tax-exempt obligation, and in the judgment of the Remarketing Agent. The City has obtained an irrevocable, direct-pay letter of credit in the amount of \$9,672,965 and \$51,272,899 respectively to be used in the event the remarketing agent is unable to resell any 2014 COP series A and B, and to ensure the City will not be required to repurchase the 2014 COP before they mature. The letters of credit related to the 2014 COP expire on May 31, 2020.

Debt service payments for Series A are being made by the pledged revenue of the Host Community Impact Fee Special Revenue Fund and for Series B by the General fund, Airport Enterprise Fund, Water Enterprise Fund, and Las Positas Golf Course Enterprise Fund. In February 2019, the City closed the Las Positas Golf Course as an enterprise fund and transferred remaining principal balance from Business Type Activities to Governmental Activities, as reflected in the Debt Schedule under footnote 7A.

HUD SECTION 108 LOANS:

In fiscal year 2010, the City received a Section 108 loan in the amount of \$1,320,000 from the Department of Housing and Urban Development to purchase the Hagemann Farms. The principal payments are due annually from 2012 through 2030. As of June 30, 2019 the outstanding loan balance was \$760,000.

In fiscal year 2015, the City received a Section 108 loan in the amount of \$725,000 from the Department of Housing and Urban Development to purchase the building located at 141-145 North Livermore Avenue and the adjacent commercial units at 147-149 North Livermore Avenue. The principal payments are due annually from August 1, 2015 through 2030. As of June 30, 2019 the outstanding loan balance was \$581,000.

NOTE 7 – LONG-TERM LIABILITIES (Continued)**B. Long Term Debt (Continued)****HUD SECTION 108 LOANS (Continued):**

In May 2014, the City entered into a Public Participation Jurisdiction (PPJ) agreement with Alameda County and the Cities of Dublin and Pleasanton to jointly repay a \$1,250,000 Section 108 loan guarantee from the US Department of Housing and Urban Development (HUD). This loan was obtained to renovate a building owned by Axis Community Health at 5925 West Las Positas Boulevard, Pleasanton, to expand medical and mental health services throughout the Tri-Valley region. The City of Pleasanton drew \$950,000 only since Alameda County paid its share of \$300,000 in cash. The City of Livermore has committed to pay \$387,505 or approximately 41% of the total loan amount of \$950,000. As of June 30, 2019, the outstanding loan balance was \$326,320.

CAPITAL LEASE OBLIGATIONS:Banc of America Equipment Lease/Purchase Loan

On October 24, 2012, the City entered into an equipment lease/purchase agreement with Banc of America Public Capital Corp to install photovoltaic panels and street lights throughout the City. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of minimum lease payments in the amount of \$12,538,957. Rental payments are due in 180 uneven monthly payments ranging from \$69,892 to \$115,868 and include interest at the rate of 2.59%. Monthly lease payments began on November 24, 2013 and end on October 24, 2028. Because loan payments did not begin until construction was completed in November 2013, the accrued interest of \$110,494 for July through October was capitalized and added to the principal balance. Lease payments are being made by the Facilities Rehabilitation Internal Service Fund and the Airport Enterprise Fund.

IT Lease Purchase – Asset Management System

On September 24, 2015, the City entered into a technology lease-purchase agreement with Government Capital Corporation to provide financing for the purchase of the City's asset management system permit system with Accela Automation including hosting and software maintenance services. Debt service payments are being made by the IT Internal Service Fund. The financing was obtained for \$761,026 at an interest rate of 3.35% with annual lease payments of \$164,362 beginning February 2016 through February 2020. The City paid this lease obligation in full in fiscal year 2018-19.

Golf Equipment Lease

On September 23, 2013, the City entered into a five year lease/purchase agreement with Umpqua Bank Equipment Lease & Finance to lease grounds keeping equipment including new mowers and tractors for the Las Positas Golf Course Enterprise Fund. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of minimum lease payments as of the inception date. The lease was executed in the amount of \$437,256 at a simple interest rate of 2.5% with monthly lease payments of \$7,744 (principle and interest) beginning September 1, 2013 and ending on September 1, 2018. Lease payments are being made by the Las Positas Golf Course Enterprise Fund. The City paid this lease obligation in full during the fiscal year 2018-19.

NOTE 7 – LONG-TERM LIABILITIES (Continued)

C. Debt Service Requirements

Debt service requirements are shown below for all long-term debt, including interest on variable rate 2014 COPs based on a 1.49% rate, which was in effect on June 30, 2019.

For the Year Ending June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2020	\$ 3,751,060	\$ 1,369,388	\$ 470,896	\$ 257,696
2021	3,876,539	1,303,461	480,842	248,521
2022	4,007,885	1,232,406	492,751	238,841
2023	4,137,076	1,157,774	504,773	228,666
2024	4,277,969	1,079,402	518,178	217,951
2025-2029	22,844,145	4,091,576	2,767,245	910,626
2030-2034	10,810,580	2,286,088	1,651,395	604,529
2035-2039	5,994,093	1,302,289	1,072,302	354,516
2040-2042	4,452,483	228,974	792,517	63,873
Total	<u>\$ 64,151,830</u>	<u>\$ 14,051,358</u>	<u>\$ 8,750,899</u>	<u>\$ 3,125,219</u>

D. Compensated Absences

Compensated absences are comprised of unused vacation leave and certain compensated time off, and are accrued as earned. Compensated absences are liquidated by the fund that has recorded the liability. The long-term portion of governmental activities compensated absences is liquidated primarily by the General Fund. The liability for compensated absences is determined annually. For all governmental funds, amounts expected to be paid out for permanent liquidations due to terminations and retirements are recorded as fund liabilities; the long term portion is recorded in the Statement of Net Position. Sick pay does not vest and is not accrued.

The change in compensated absences was as follows at June 30, 2019:

	Governmental Activities	Business Type Activities	Total
Beginning balance	\$ 3,352,190	\$ 538,878	\$ 3,891,068
Adjustments	36,908	(36,908)	-
Additions	1,846,186	257,914	2,104,100
Payments	(1,798,247)	(252,746)	(2,050,993)
Ending balance	<u>\$ 3,437,037</u>	<u>\$ 507,138</u>	<u>\$ 3,944,175</u>
Current portion	<u>\$ 1,221,507</u>	<u>\$ 209,812</u>	<u>\$ 1,431,319</u>

The adjustments reflected in the table above is due the closing of the Las Positas Golf Course (LPGC) Enterprise Fund in February 2019. As a result, employees were transferred from the LPGC Enterprise Fund to other funds reflected under Governmental Activities.

NOTE 8 - SPECIAL ASSESSMENT DISTRICT DEBT WITHOUT CITY COMMITMENT

Special assessment districts, including Mello Roos Districts, exist in various parts of the City to provide improvements to properties located in those districts. Properties are assessed for the cost of improvements; these assessments are payable over the term of the debt issued to finance the improvements and must be sufficient to repay this debt. The City acts solely as the collecting and paying agent for the special assessment district debt issues below, but it has no direct or contingent liability or moral obligation for the payment of this debt. This debt is not included in the general debt of the City. The outstanding balance of each of these issues as of June 30, 2019 is as follows:

NOTE 8 - SPECIAL ASSESSMENT DISTRICT DEBT WITHOUT CITY COMMITMENT (Continued)

District	Balance at June 30, 2018	Retirements	Balance at June 30, 2019	Current Portion
Community Facilities District No. 2009-1 (El Charro)				
2015 Refunding Special Tax Note	\$ 18,561,176	\$ 396,235	\$ 18,164,941	\$ 417,589
2016 Special Tax Bonds	4,611,053	-	4,611,053	93,710
2017 Special Tax Note	3,000,872	100,732	2,900,140	105,517
Community Facilities District No. 1999-1 (Tri-Valley Technology Park)				
Special Tax Bonds Series 2015	14,025,000	890,000	13,135,000	910,000
Community Facilities District No. 2016-2 (Shea Properties)				
Special Tax Refunding Bonds, Series 2016	9,645,000	260,000	9,385,000	275,000
Assessment District 2016-2 (Pleasant View)				
Improvement Bonds, Series 2018	964,537	-	964,537	-
Total	<u>\$ 50,807,638</u>	<u>\$ 1,646,967</u>	<u>\$ 49,160,671</u>	<u>\$ 1,801,816</u>

Community Facilities District (CFD) No. 2009-1 (El Charro)

2015 Refunding Special Tax Note – On June 1, 2015, the City on behalf of El Charro CFD No. 2009-1 entered into a special tax loan agreement with Livermore Premium Outlets, LLC. This loan was issued to refund the remaining principal amounts of the 2012 and 2014 loans. At June 30, 2019, the balance outstanding for this note is \$18,164,941.

2016 Special Tax Bonds – On September 1, 2016 the City on behalf of El Charro CFD No. 2009-1 entered into a special tax loan agreement with Crosswinds Church. The Bonds were issued to fund certain public infrastructure improvements within the CFD. As of June 30, 2019, the balance outstanding for these Bonds is \$4,611,053.

2017 Special Tax Note – On July 14, 2017 the City on behalf of El Charro CFD No. 2009-1 entered into a special tax loan agreement with Livermore Investments, LLC. This loan was issued to fund certain public infrastructure improvements within the CFD. As of June 30, 2019, the balance outstanding for this note is \$2,900,140.

Community Facilities District No. 1999-1 (Tri-valley Technology Park) Special Tax Bonds, Series 2015

On May 28, 2015, the City sponsored the issuance of the Community Facilities District No. 1999-1 (Tri-valley Technology Park) Special Tax Bonds, Series 2015. The Bonds were issued to defease and refund remaining principal amount of Community Facilities District No. 1999-1 (Tri-valley Technology Park) Special Tax Bonds, Series 2000. The balance outstanding for these Bonds as of June 30, 2019 is \$13,135,000.

Community Facilities District No. 2016-2 (Shea Properties) Special Tax Refunding Bonds, Series 2016

On December 22, 2016, the City sponsored the issuance of Community Facilities District No. 2016-2 (Shea Properties) Special Tax Refunding Bonds, Series 2016. The bonds were issued to defease and refund the remaining principal amount of the Community Facilities District No 2006-1 (Shea Properties) Special Tax Bonds, Series 2006. As of June 30, 2019, the balance outstanding for these bonds is \$9,385,000.

Assessment District No. 2016-2 (Pleasant View) Limited Obligation Improvement Bonds, Series 2018

On June 14, 2018, the City issued bonds to fund certain public infrastructure improvements within the assessment district. The improvements included connections to the sanitary sewer service system, installation of streetlights, fire hydrants, provide for emergency vehicle access, and the addition of sidewalk curb and gutters to the required standards of the City. As of June 30, 2019, the balance outstanding for these bonds is \$964,537. For additional information, see Note 3(I).

NOTE 9 – NET POSITION AND FUND BALANCES

Net Position is measured on the full accrual basis, while Fund Balance is measured on the modified accrual basis.

A. Net Position

Net Position is the excess of all the City's assets and deferred outflows of resources over all its liabilities and deferred inflows of resources, regardless of fund. Net Position is divided into three captions. These captions apply only to Net Position, which is determined only at the Government-wide level, and are described below:

Net Investment in Capital Assets describes the portion of Net Position which is represented by the current net book value of the City's capital assets, less the outstanding balance of any debt issued to finance these assets.

Restricted describes the portion of Net Position which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions which the City cannot unilaterally alter. These restrictions principally include developer fees received for use on capital projects and debt service requirements.

Unrestricted describes the portion of Net Position which is not restricted as to use.

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted-net position and unrestricted-net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted-net position to have been depleted before unrestricted-net position is applied.

B. Fund Balances

Governmental fund balances represent the net current assets of each fund. Net current assets generally represent a fund's cash and receivables, less its liabilities. The City's fund balances are classified in accordance with Governmental Accounting Standards Board Statement Number 54 (GASB 54), Fund Balance Reporting and Governmental Fund Type Definitions, which requires the City to classify its fund balances based on spending constraints imposed on the use of resources.

Each category in the following hierarchy is ranked according to the degree of spending constraint:

Non-spendables represents balances set aside to indicate items do not represent available, spendable resources even though they are a component of assets. Fund balances required to be maintained intact, such as Permanent Funds, and assets not expected to be converted to cash, such as prepaids, notes receivable, and land held for redevelopment are included. However, if proceeds realized from the sale or collection of non-spendable assets are restricted, committed or assigned, then non-spendable amounts are required to be presented as a component of the applicable category.

Restricted fund balances have external restrictions imposed by creditors, grantors, contributors, laws, regulations, or enabling legislation which requires the resources to be used only for a specific purpose.

Committed fund balances have constraints imposed by formal action of the City's highest level of decision-making authority. The City Council is the highest level of decision-making authority for the City that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken to remove or revise the limitation.

NOTE 9 – NET POSITION AND FUND BALANCES (Continued)**B. Fund Balances (Continued)**

Assigned fund balances are amounts constrained by the City's intent to be used for a specific purpose, but are neither restricted nor committed. Intent is expressed through Council resolution and/or budget document or its designee (City Manager) and may be changed at the discretion of the City Council or its designee. This category includes Non-spendables, when it is the City's intent to use proceeds or collections for a specific purpose, and residual fund balances, if any, of Special Revenue, Capital Projects and Debt Service Funds which have not been restricted or committed.

Unassigned fund balance represents residual amounts that have not been restricted, committed, or assigned. This includes the residual general fund balance and residual fund deficits, if any, of other governmental funds.

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

NOTE 9 – NET POSITION AND FUND BALANCES (Continued)

B. Fund Balances (Continued)

Detailed classifications of the City’s fund balances as of June 30, 2019 are below:

Fund Balance Classifications	General Fund	Low Income Housing-Special Revenue Fund	Housing Successor Special Revenue Fund	Other Governmental Funds	Total
Nonspendable:					
Items not in spendable form:					
Prepays and deposits	\$ 104,759	\$ 3,000	\$ -	\$ 537,789	\$ 645,548
Advances	3,880,245	-	-	-	3,880,245
Land held for redevelopment	1,727,437	-	-	-	1,727,437
Total Nonspendable Fund Balances	5,712,441	3,000	-	537,789	6,253,230
Restricted for:					
Alameda County Transportation programs	-	-	-	7,283,274	7,283,274
Debt service funds	-	-	-	874,462	874,462
Gas tax program	-	-	-	4,793,419	4,793,419
Grant Programs	-	-	-	3,568,147	3,568,147
Host Community Impact program	-	-	-	873,603	873,603
Housing and human services programs	-	21,080,286	2,893,425	1,094,901	25,068,612
Landscape maintenance Program	-	-	-	8,027,396	8,027,396
Capital improvements programs	-	-	-	17,143,040	17,143,040
Public works programs	-	-	-	2,752,409	2,752,409
Park program	-	-	-	11,501,254	11,501,254
PEG program	-	-	-	662,783	662,783
Public art program	-	-	-	911,581	911,581
Solid waste and recycling program	-	-	-	528,248	528,248
Street capital improvement program	-	-	-	3,450,077	3,450,077
Street sweeping program	-	-	-	3,615	3,615
Traffic impact program	-	-	-	20,310,287	20,310,287
Total Restricted Fund Balances	-	21,080,286	2,893,425	83,778,496	107,752,207
Committed for:					
Financial stabilization arrangement	15,954,446	-	-	-	15,954,446
Open space acquisition and management	-	-	-	1,583,505	1,583,505
Total Committed Fund Balance	15,954,446	-	-	1,583,505	17,537,951
Assigned for:					
Economic uncertainty reserve	14,359,001	-	-	-	14,359,001
Infrastructure replacement reserve	8,000,000	-	-	-	8,000,000
Total Assigned Fund Balances	22,359,001	-	-	-	22,359,001
Unassigned:					
General Fund	21,015,747	-	-	-	21,015,747
Horizons Fund	-	-	-	(31,544)	(31,544)
Isabel Avenue	-	-	-	(306,159)	(306,159)
Total Unassigned Fund Balances	21,015,747	-	-	(337,703)	20,678,044
Total Fund Balances	\$ 65,041,635	\$ 21,083,286	\$ 2,893,425	\$ 85,562,087	\$ 174,580,433

NOTE 9 – NET POSITION AND FUND BALANCES (Continued)**C. Minimum Operating Reserve Policy**

On June 13, 2016 the City adopted a resolution to update the City's Fund Balance Policy. Special Revenue, Debt Service and Capital Projects Funds have no minimum funding levels due to the nature of the funds. The minimum funding levels of the policy are highlighted below.

General Fund

The Committed General Fund Financial Stabilization Operating Reserve minimum funding level is 15% of operating expenditures plus debt service transfers to be used in a catastrophic event or in a major emergency or in periods of severe fiscal crisis. The Assigned General Fund Economic Uncertainty Reserve minimum funding level is 13.5% of operating expenditures plus debt service transfers to be used during times of severe economic distress such as protracted recessionary periods. State raids on local resources, or other impactful unforeseen events which greatly diminish the financial ability of the City to deliver core services. The Unassigned General Fund balance minimum funding level is 1.5% of operating expenditures plus outgoing debt service transfers. During fiscal year 2018-19, the City has assigned additional \$2,000,000, with a total of \$8,000,000, for the infrastructure replacement reserve.

Enterprise Funds

The Airport, Water and Golf Course Funds Unrestricted Net Position minimum balance is 12.5% (or 45 days' worth of working capital) of operating expenditures plus debt service transfers. The Sewer and Storm Water Funds are recommended to maintain an unrestricted Net Position minimum balance of 50% of their operating budget plus debt service transfers.

Internal Service Funds

Liability Insurance and Workers Compensation Funds are recommended to fully fund actuarially determined claim obligations at a minimum at the seventy percent (70%) confidence level. The City will strive to fully fund actuarially determined claim obligations at the 90% confidence level.

The Fleet Services, Information Technology and Facilities Rehabilitation Funds are recommended to keep 12.5% of operating expenses as minimum unrestricted net position balance.

D. Prior Period Adjustment

The City made prior period adjustment to correct an error in recording of land available for sale which was received by the City from a developer in-lieu of affordable housing units. The City made the adjustment for \$1,958,572 in Low Income Housing Special Revenue Fund, which restated the beginning fund balance to \$26,928,331. The City also adjusted the beginning net position of governmental activities by the same amount, \$1,958,572.

NOTE 10 – PENSION PLANS**A. Social Security/ Public Agency Retirement Systems (PARS)**

The Omnibus Budget Reconciliation Act of 1990 (OBRA) mandates that public sector employees who are not members of their employer's existing retirement system as of January 1, 1992 be covered by either Social Security or an alternative plan. The City's part-time, seasonal and temporary employees are not covered under Social Security. The City has an agreement with the Public Agency Retirement System (PARS) to provide an alternative retirement system for employees not eligible for the California Public Employees' Retirement System (CalPERS) Pension Plan, and adopted the PARS 457 Trust including the PARS Section 457 FICA Alternative Retirement Plan.

B. California Public Employees' Retirement System (CalPERS) Pension Plans

All public employees meeting CalPERS membership requirements must participate in pension plans offered by California Public Employees Retirement System (CalPERS).

1. General Information about the Pension Plans

Plan Descriptions – All qualified permanent and probationary employees are eligible to participate in the City's separate Safety (Police) cost-sharing and Miscellaneous (all other) agent multiple-employer defined benefit plans (Plans), administered by the CalPERS. The Miscellaneous Plans are an agent multiple-employer defined benefit pension plans administered by CalPERS, which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plans are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

The City's Safety Plans became part of a cost-sharing multiple employer defined benefit pension plan administered by CalPERS, commonly referred to as a risk pool, as of the actuarial valuation date of June 30, 2003. Risk pools exist for employers with less than 100 active plan members. When risk pools were established, PERS assigned each entity in the pool a share of the unfunded liability, and assessed a rate of 7.75% annually. Contributions toward the payoff of the unfunded liability were included in the City's annual rate adjustment. On February 22, 2013 the City prepaid its outstanding side fund balance to CalPERS which reduced the future employer's contribution rate for safety employees through the original side fund amortization period ending on June 30, 2017.

The City has three retirement benefit tiers in the Plans. Membership in the first tier of the retirement system is closed to new employees hired on or after December 31, 2012. The second tier was adopted by the City in November 2012 for all employees hired December 31, 2012. The third tier was adopted by the City effective January 1, 2013 pursuant to State Assembly Bill 340.

2. Benefits Provided and Actuarial Assumptions

CalPERS provides service and disability retirement benefits, cost of living adjustments, and death benefits to plan members and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total credited service are eligible to retire at age 50 with statutorily reduced benefits. Members may apply for a non-duty disability retirement benefit after 5 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1959 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

NOTE 10 – PENSION PLANS (Continued)

B. California Public Employees’ Retirement System (CalPERS) Pension Plans (Continued)

2. Benefits Provided and Actuarial Assumptions (Continued)

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

	Miscellaneous	Safety
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Minimum retirement age	50/52	50
Employees hired prior to December 30, 2012	Tier 1	Tier 1
Monthly benefits, as a % of annual salary	2.7% at 55	3% at 50
Required member contribution rates	8%	9%
% paid by employee	8%	9% ¹
% paid by employer	0%	0% ¹
Required employer contribution rates (Normal cost)	10.664%	20.556%
Employer payment of unfunded liability	\$ 5,680,711 ⁴	\$ 2,052,369
Employees hired December 31, 2012	Tier 2	Tier 2
Monthly benefits, as a % of annual salary	2% at 60 ²	3% at 55 ³
Required member (employee) contribution rates	7%	9%
Required employer contribution rates (Normal cost)	10.664%	17.614%
Employer payment of unfunded liability	\$ -	\$ 1,236
Employees hired after December 31, 2012	Tier 3	Tier 3
Monthly benefits, as a % of annual salary	2% at 62 ²	2.7% at 57 ³
Required member (employee) contribution rates:	6.25%	12.0%
Required employer contribution rates (Normal cost)	10.664%	12.141%
Employer payment of unfunded liability	\$ -	\$ 1,149

1 Rates presented in the table above were effective 7/1/2016.
 2 Newly hired Misc Employees will be enrolled in the 2% at 60 or 2% at 62 formula, dependent on the individual's eligibility, as per AB340.
 3 Newly hired Safety Employees will be enrolled in the 3% at 55 or 2.7% at 57 formula, dependent on the individual's eligibility, as per AB340.
 4 Balance mentioned above is a combined amount for all Miscellaneous plans. As a percentage of projected payroll the UAL contribution for Fiscal Year 2018-19 is 19.843% for an estimated total employer contribution rate of 30.507%.

Employees Covered – At June 30, 2019, the following employees were covered by the benefit terms of the Miscellaneous Plans, however, information for the Safety Police Plans was not provided from CalPERS for cost-sharing multiple employer defined benefit pension plans.

	Miscellaneous¹
Inactive employees or beneficiaries currently receiving benefits	\$ 444
Inactive employees entitled to but not yet receiving benefits	263
Active employees	320
Total	<u>\$ 1,027</u>

¹ All Tiers of the Miscellaneous plans were reported together in the Census data report by CalPERS.

NOTE 10 – PENSION PLANS (Continued)

B. California Public Employees’ Retirement System (CalPERS) Pension Plans (Continued)

2. Benefits Provided and Actuarial Assumptions (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 the 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 City must contribute these amounts. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2019, the contributions for the Plans were as follows:

	Miscellaneous ¹	Safety Police ¹
Contributions - employer	\$ 8,713,977	\$ 4,324,451

¹ All Tiers of the Miscellaneous and Safety Police plans were combined together on GASB 68 report by CalPERS.

Actuarial Assumptions – The total pension liabilities in the June 30, 2019 actuarial valuations were determined using the following actuarial assumptions:

	All Plans ⁽⁵⁾
Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.75%
Payroll Growth	3.00%
Projected Salary Increase	3.2% - 12.2% ⁽¹⁾
Investment Rate of Return	7.5% ⁽²⁾
Mortality ⁽⁴⁾	36.1 to 17.0 ⁽³⁾

- (1) Depending on age, service and type of employment
- (2) Net of pension plan investment expenses, including inflation
- (3) Represents life expectancy over the age ranging from 50 to 70 years. Assumptions include 20 years of mortality improvement.
- (4) 2014 CalPERS Experience Study, Recipients with attained age of 50
- (5) All of the City's plans for miscellaneous and safety police employed the same assumptions.

NOTE 10 – PENSION PLANS (Continued)

B. California Public Employees’ Retirement System (CalPERS) Pension Plans (Continued)

2. Benefits Provided and Actuarial Assumptions (Continued)

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2017 valuation were based on the results of the 2014 CalPERS Experience Study for the period 1997 to 2011. Further details of the Experience Study can be found on the CalPERS website.

Discount Rate – The discount rate used to measure the total pension liability was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected 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 of 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 equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The table below reflects long-term expected real rate of return by asset class.

Asset Class ⁽¹⁾	Current Target Allocation	Real Return Years 1 - 10 ⁽²⁾	Real Return Years 11 + ⁽³⁾
Global Equity	50.0%	4.80%	5.98%
Fixed Income	28.0%	1.00%	2.62%
Inflation Assets	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Assets	13.0%	3.75%	4.93%
Liquidity	1.0%	0.00%	-0.92%
Total	100.0%		

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

⁽²⁾ An expected inflation of 2.0% used for this period.

⁽³⁾ An expected inflation of 2.92% used for this period.

Note - All of the City’s plans for miscellaneous and safety police employed the same strategies.

NOTE 10 – PENSION PLANS (Continued)

B. California Public Employees’ Retirement System (CalPERS) Pension Plans (Continued)

3. Miscellaneous Agent Multiple-Employer Defined Benefit Pension Plan

The changes in the Net Pension Liability for the Miscellaneous Plan were as follows:

Miscellaneous Plan ¹ :	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2017 ²	\$ 276,532,617	\$ 193,665,637	\$ 82,866,980
Changes in the year:			
Service cost	5,353,724	-	5,353,724
Interest on the total pension liability	19,302,859	-	19,302,859
Changes of assumptions	(2,304,595)	-	(2,304,595)
Difference between expected and actual experience	(921,100)	-	(921,100)
Net plan to plan resource movement	-	(481)	481
Contribution - employer	-	7,671,730	(7,671,730)
Contribution - employees	-	2,298,455	(2,298,455)
Net investment income	-	16,437,015	(16,437,015)
Benefit payments, including refunds of employee contributions	(12,027,431)	(12,027,431)	-
Administrative expenses	-	(301,784)	301,784
Other miscellaneous income/(expense) ³	-	(573,094)	573,094
Net changes	<u>9,403,457</u>	<u>13,504,410</u>	<u>(4,100,953)</u>
Balance at June 30, 2018 ²	<u>\$ 285,936,074</u>	<u>\$ 207,170,047</u>	<u>\$ 78,766,027</u>

¹ All Tiers of the Miscellaneous plan were combined together on GASB 68 report by CalPERS.

² Represent measurement dates used in the GASB 68 valuation report.

³ During Fiscal Year 2017-18, as a result of GASB Statement No. 75, CalPERS reported its proportionate share of activity related to postemployment benefits for participation in the State of California’s agent OPEB plan. Accordingly, CalPERS recorded a one-time expense as a result of the adoption of GASB 75.

Additionally, CalPERS employees participate in various State of California agent pension plans and during Fiscal Year 2017-18, CalPERS recorded a correction to previously reported financial statements to properly reflect its proportionate share of activity related to pensions in accordance with GASB Statement No. 68.

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

NOTE 10 – PENSION PLANS (Continued)

B. California Public Employees’ Retirement System (CalPERS) Pension Plans (Continued)

4. Safety Police Cost-Sharing Multiple-Employer Defined Benefit Plan

As of June 30, 2019 the City reported net pension liabilities for its proportionate share of the net pension liability of the Safety Police Plan as follows:

	Proportionate Share of Net Pension Liability ¹
Safety Police Plan	\$ 38,785,811

¹ All Tiers of the Safety Police plan were combined together on GASB 68 report by CalPERS.

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

	Safety Police
Proportion - June 30, 2017	0.64020%
Proportion - June 30, 2018	0.66102%
Change - Increase (Decrease)	0.02082%

¹ All Tiers of the Safety Police plan were combined together on GASB 68 report by CalPERS.

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

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

The following presents the net pension liability of the City’s Miscellaneous Plan and the City’s proportionate share of the net pension liability for the Safety Police Plan, calculated using the discount rate for the Plan, as well as what the City’s net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Discount Rate		
	1% Decrease	Current	1% Increase
<u>Net Pension Liability</u>	(6.15%)	(7.15%)	(8.15%)
Miscellaneous Plan ¹	\$ 116,429,884	\$ 78,766,027	\$ 47,518,247
Police Safety Plan ¹	59,425,116	38,785,811	21,875,596

¹ All Tiers of the Miscellaneous plan and Safety Police plan were combined together into on GASB 68 report by CalPERS.

NOTE 10 – PENSION PLANS (Continued)

B. California Public Employees’ Retirement System (CalPERS) Pension Plans (Continued)

6. Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

For the fiscal year ended June 30, 2019, the City recognized total pension expense of \$19,551,858 (\$13,004,507 for the Miscellaneous Plan and \$6,547,351 for the Safety Police Plan). At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Miscellaneous Plan		Safety Police Plan		Total	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	\$ -	\$ (1,063,294)	\$ 855,878	\$ (3,247)	\$ 855,878	\$ (1,066,541)
Changes in assumptions	4,389,738	(1,481,525)	3,908,317	(527,302)	8,298,055	(2,008,827)
Net differences between projected and actual earnings on plan investments	457,172	-	269,688	-	726,860	-
Change in proportion and differences between actual contributions and proportionate share of contributions	-	-	889,940	(846,278)	889,940	(846,278)
Total	\$ 4,846,910	\$ (2,544,819)	\$ 5,923,823	\$ (1,376,827)	\$ 10,770,733	\$ (3,921,646)

Pension contributions subsequent to measurement date	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Miscellaneous Plan ¹	\$ 8,713,977	\$ -	\$ 8,713,977
Safety Police Plan ¹	4,324,451	-	4,324,451
Total	\$ 13,038,428	\$ -	\$ 13,038,428

¹ All Tiers of the Miscellaneous and Police Safety plan were combined together on GASB 68 report by CalPERS.

In the table above amounts 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, 2020. 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	Miscellaneous Plan	Year Ended June 30	Safety Police Plan	Year Ended June 30	Total
	Deferred Outflows/(inflows) of Resources		Deferred Outflows/(inflows) of Resources		Deferred Outflows/(inflows) of Resources
2020	\$ 5,204,489	2020	\$ 3,623,299	2020	\$ 8,827,788
2021	(379,796)	2021	2,159,691	2021	1,779,895
2022	(1,976,015)	2022	(960,089)	2022	(2,936,104)
2023	(546,587)	2023	(275,905)	2023	(822,492)
	\$ 2,302,091		\$ 4,546,996		\$ 6,849,087

NOTE 11 – OTHER POST EMPLOYMENT BENEFITS

The City has two types of retirement health benefits as determined by Council resolution and through agreements with its labor units. One plan is a Defined Benefit Plan (Other Post Employment Benefit “OPEB”) which provides health care benefits for retired employees under third party insurance plans. The second plan is a Defined Contribution Plan in which the City contributes a fixed amount to a retirement health savings account on behalf of employees who are not eligible for OPEB. The City’s Defined Benefit OPEB plan is closed to new entrants; all new employees are enrolled into the City’s Defined Contribution plan.

A summary of eligibility and retiree contribution requirements are shown below by bargaining unit. As of June 30, 2019, a total of 284 retirees were eligible to receive post-employment benefits. In addition, 216 current employees qualify to receive post-employment benefits if they retire from the City.

	Executive Management	Mid-Mgmt & Confidential	ALE	LPOA	Police Management																													
■ Hired Before	● 8/1/2014	● 2/1/2006	● 4/1/2007	● 2/1/2007	● 9/1/2004																													
■ Eligibility	<ul style="list-style-type: none"> ● Retire directly from the City with 10 years CalPERS service (15 years for Police safety) and a minimum of 5 years City service, or ● Industrial disability, for police safety (except for employees enrolled in retirement health savings account) 																																	
■ Benefit	<ul style="list-style-type: none"> ● City reimburses up to a percentage subject to a cap that varies by bargaining group ● City will reimburse Medicare A & B if required for Medical coverage ● Reimbursement percentage based on bargaining group and CalPERS service: 																																	
	<table border="1"> <thead> <tr> <th>PERS Service</th> <th>Reimb %</th> <th>PERS Service</th> <th>Reimb %</th> <th>PERS Service</th> <th>Reimb %</th> </tr> </thead> <tbody> <tr> <td>10</td> <td>75%</td> <td>10</td> <td>70%</td> <td>15</td> <td>75%</td> </tr> <tr> <td>15</td> <td>80%</td> <td>15</td> <td>80%</td> <td>20</td> <td>85%</td> </tr> <tr> <td>20</td> <td>90%</td> <td>20</td> <td>90%</td> <td>25+</td> <td>100%</td> </tr> <tr> <td>25+</td> <td>100%</td> <td>25+</td> <td>100%</td> <td></td> <td></td> </tr> </tbody> </table>	PERS Service	Reimb %	PERS Service	Reimb %	PERS Service	Reimb %	10	75%	10	70%	15	75%	15	80%	15	80%	20	85%	20	90%	20	90%	25+	100%	25+	100%	25+	100%					
PERS Service	Reimb %	PERS Service	Reimb %	PERS Service	Reimb %																													
10	75%	10	70%	15	75%																													
15	80%	15	80%	20	85%																													
20	90%	20	90%	25+	100%																													
25+	100%	25+	100%																															
■ Cap	<ul style="list-style-type: none"> ● DOR < 10/9/00: \$200 ● \$1,699 as of 6/30/17 With a current benefit maximum of \$1,812¹ ● DOH ≥ 8/1/14: No benefits, City contributes 4% of base pay to RHSA 	<ul style="list-style-type: none"> ● DOR < 9/25/00: \$200 ● DOR between 9/25/00 and 7/1/15: \$1,812¹ ● DOH ≥ 7/1/15: \$1,812¹ With a current benefit maximum of \$1,950 ● DOH ≥ 2/1/06: No benefit, City contributes 4% of base pay to RHSA 	<ul style="list-style-type: none"> ● DOR < 10/3/03: \$200 ● DOR > 10/3/03: \$1,812¹ ● DOR > 1/1/06: \$1,812¹ With a current benefit maximum of \$1,906 ● DOR > 11/9/14: \$1,812 With a current benefit maximum of \$1,906 ● DOR > 1/1/17: \$1,950 ● DOH ≥ 4/1/07: No benefits, City contributes 4% of base pay to RHSA 	<ul style="list-style-type: none"> ● DOR < 2/1/02: \$200 ● DOH < 2/1/07: \$1,858² ● DOH > 2/1/07: No benefits, City contributes 5% of base pay to RHSA, EE contributes 1% of base pay to RHSA 	<ul style="list-style-type: none"> ● DOR < 4/7/03: \$200 ● Tier 1 (PL/Cpt): (DOR < 9/1/04) \$1,812¹ ● Tier 2 (Actively employed as of 8/30/04): \$2,026² ● Tier 3 (promoted after 9/1/04): \$1,858² ● Promoted EE's stay with RHSA if RHSA was prior benefit ● DOH ≥ 9/1/04: No benefits; City contributes 5% of base pay to RHSA 																													

1: Will be matched to Kaiser A two party rate for an active employee

2: Will be matched to Pre 65 Retiree Kaiser A two party rate

NOTE 11 – OTHER POST EMPLOYMENT BENEFITS (Continued)

A. Funding Policy and Actuarial Assumptions

The actuarially determined contribution (ADC) to the OPEB plan was determined as part of a June 30, 2018 actuarial valuation using the entry age normal actuarial cost method. This is a projected benefit cost method, which takes into account those benefits that are expected to be earned in the future as well as those already accrued. The actuarial assumptions included (a) 6.5% investment rate of return, (b) 3.0% projected annual salary increase, and (c) 2.75% general inflation rate and (d) health inflation decreases ranging from 4.0%-6.5%. The actuarial methods and assumptions used include techniques that smooth the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Actuarial calculations reflect a long-term perspective and actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to revision at least biannually as results are compared to past expectations and new estimates are made about the future.

In accordance with the City’s budget, the actuarially determined contribution (ADC) is to be funded throughout the year as a percentage of payroll. During fiscal year ended June 30, 2010, the City joined the Public Agencies Post-Retirement Health Care Plan, a multiple employer trust administered by Public Agency Retirement Services (PARS). At June 30, 2019, the City contributed \$1,996,476 to an irrevocable trust administered by PARS, managed by an appointed board not under the control of City Council. This trust is not considered a component unit by the City and has been excluded from these financial statements. Separately issued financial statements for PARS may be obtained from PARS at 4350 Von Karman Ave., Suite 200, Newport Beach, CA 92660.

B. OPEB Trust Fund

i. Plan Administration

The City is the plan administrator. The Public Agency Retirement Services (PARS) administers the trust for the City’s retiree healthcare benefit plan – a single-employer defined benefit OPEB plan that provides healthcare benefits for eligible general and public safety employees of the City.

	Fiscal Year ended 6/30/19
Plan Type	Single Employer
OPEB Trust	Yes
Special Funding Situation	No
Nonemployer Contributing Entity	No

ii. Plan Membership

As of June 30, 2019, membership in the plan consisted of the following:

	Number of Covered Employees
Retirees and beneficiaries receiving benefits	273
Terminated plan members entitled to but not yet receiving benefits	11
Active plan members	216
	500

NOTE 11 – OTHER POST EMPLOYMENT BENEFITS (Continued)

B. OPEB Trust Fund (Continued)

iii. Benefits Provided

Post-employment healthcare and similar benefit allowances are provided to eligible employees who retire from the City or to their surviving spouses. As noted in the table above in Note 11B(ii), there were 273 participants receiving these healthcare benefits as of June 30, 2019. Refer to the table on page 99 for the contractual maximum contribution rates for the eligible employees depending upon their association with specific bargaining groups.

iv. Contribution Information

PARS establishes rates for each employer based on an actuarially determined rate for each employer. For the year ended June 30, 2019, the City’s average contribution rate was 18.9 percent of covered-employee payroll. Plan members are not required to contribute to the plan.

For the year ended June 30, 2019, the City contributed \$5,380,000 in relation to the actuarially determined contribution.

v. Investment Policy

PARS offers different investment portfolios as part of the investment vehicle. The City invests in “Capital Appreciation” portfolio; the primary goal of the Capital Appreciation objective is growth of principal. The major portions of the assets are invested in the equity securities and market fluctuations are expected. The portfolio is constructed to control risk through four layers of diversification – asset classes (cash, fixed income, equity), investment styles (large cap, small cap, international, value, growth), managers and securities. Disciplined mutual fund selections and monitoring helps to drive return potential while reducing portfolio risk.

The following is the City adopted asset allocation policy as of June 30, 2019.

Asset Class Component:	Target Allocation
Equity	73.00%
Fixed Income	20.00%
REITs	2.00%
Cash	5.00%

vi. Investment Concentration

As of June 30, 2019, the City OPEB Trust Fund did not have investments in any one organization exceeding 5% of the City’s investments.

vii. Investment Rate of Return

For the year ended June 30, 2019, the annual money-weighted rate of return on investments, net of investment expense, was 6.55%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

NOTE 11 – OTHER POST EMPLOYMENT BENEFITS (Continued)

B. OPEB Trust Fund (Continued)

viii. Net OPEB Liability

The components of the net OPEB liability of the City at June 30, 2019, were as follows:

Measurement Date - 6/30/2019	Fiscal Year ended 6/30/2019
Total OPEB Liability	\$ 76,438,667
Plan Fiduciary Net Position (FNP)	(30,029,720)
City's Net OPEB Liability	<u>\$ 46,408,947</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	39.3%

ix. Changes in Net OPEB Liability

The changes in the Net OPEB Liability are as follows

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability/(Asset)
Balance at June 30, 2018 ¹	\$ 74,561,343	\$ 26,289,470	\$ 48,271,873
Changes in the year:			
Service cost	1,404,890	-	1,404,890
Interest on the total pension liability	4,827,840	-	4,827,840
Changes of assumptions	4,311,034	-	4,311,034
Difference between expected and actual experience	(5,282,915)	-	(5,282,915)
Contribution - employer	-	5,380,000	(5,380,000)
Contribution - employees	-	-	-
Net investment income	-	1,855,034	(1,855,034)
Benefit payments, including refunds of employee contributions	(3,383,525)	(3,383,525)	-
Administrative expenses	-	(111,259)	111,259
Net changes	<u>1,877,324</u>	<u>3,740,250</u>	<u>(1,862,926)</u>
Balance at June 30, 2019 ¹	<u>\$ 76,438,667</u>	<u>\$ 30,029,720</u>	<u>\$ 46,408,947</u>

¹ Represent measurement dates used in the GASB 75 valuation report.

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued plan financial report that may be obtained from PARS at 4350 Von Karman Ave., Suite 200, Newport Beach, CA 92660.

NOTE 11 – OTHER POST EMPLOYMENT BENEFITS (Continued)

B. OPEB Trust Fund (Continued)

x. Actuarial Methods and Assumptions

The City’s net OPEB liability was measured as of June 30, 2019 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2018, based on the following actuarial methods and assumptions:

Measurement Date	June 30, 2019
Valuation Date	June 30, 2018
Funding Policy	Full pre-funding to PARS trust
	PARS portfolio: Capital Appreciation
Medical Trend	Non-Medicare - 7.5% for 2020, decreasing to 4.0% in 2076
	Medicare - 6.5% for 2020, decreasing to 4.0% in 2076
Healthcare participation for future Retirees	Not in RHSA: 95%
Cap Increases	Kaiser plan A 2-party premium: Medical trend Active medical cap - Minimum of: Healthnet PPO family premium (increase with medical trend)
Actuarial Assumptions:	
Discount Rate	6.5% ⁽¹⁾
Salary Increase	3.00%
Inflation	2.75%
Investment Rate of Return	6.5% ⁽²⁾
Mortality ⁽⁴⁾	33.5 to 17.0 ⁽³⁾

- (1) Crossover analysis showed benefit payments always fully funded by plan assets
- (2) Net of investment expenses. Furthermore, expected City contributions projected to keep sufficient plan assets to pay all benefits from trust
- (3) Represents life expectancy over the age ranging from 50 to 70 years. Assumptions include 20 years of mortality improvement. Mortality projected fully generational with scale MP-16
- (4) 2017 CalPERS Experience Study, Recipients with attained age of 50

The target allocation and projected arithmetic real rates of return, after deducting inflation, but before investment expenses, used in the derivation of the long-term expected investment rate of return assumption for each major asset class are summarized below:

Asset Class Component:	Target Allocation	Expected Real Rate of Return
Equity	73.00%	4.82%
Fixed Income	20.00%	1.47%
REITs	2.00%	3.76%
Cash	5.00%	0.06%
Assumed Long Term Rate of Inflation		2.75%
Discount Rate		6.50%

NOTE 11 – OTHER POST EMPLOYMENT BENEFITS (Continued)

B. OPEB Trust Fund (Continued)

xi. Discount rate

The discount rates used to measure the total OPEB liability were 6.5% as of June 30, 2019. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

xii. Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

In accordance with GASB 74 and GASB 75, regarding the disclosure of the sensitivity of the net OPEB liability to changes in the discount rate, the following table presents the net OPEB liability of the Plan as of June 30, 2019, calculated using the discount rate of 6.5%, as well as what the Plan’s net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage point higher than the current rate:

	Discount Rate		
	1% Decrease	Current	1% Increase
	(5.50%)	(6.50%)	(7.50%)
Net OPEB Liability	\$ 56,268,556	\$ 46,408,947	\$ 38,220,270

xiii. Sensitivity of the 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 City’s net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	Healthcare Trend Rate		
	1% Decrease	Current	1% Increase
	5.5% decreasing to 3.75%	6.5% decreasing to 4.0%	7.5% decreasing to 5.75%
Net OPEB Liability	\$ 42,689,631	\$ 46,408,947	\$ 49,480,991

NOTE 11 – OTHER POST EMPLOYMENT BENEFITS (Continued)

B. OPEB Trust Fund (Continued)

xiv. OPEB Expenses and Deferred Outflows/Inflows of Resources Related to OPEB

For the year ended June 30, 2019, the City recognized OPEB Expense of \$4,194,623. As of fiscal year ended June 30, 2019, the City reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	\$ -	\$ 3,815,439
Changes in assumptions	3,113,525	-
Net differences between projected and actual earnings on plan investments	-	378,153
Change in proportion and differences between actual contributions and proportionate share of contributions	-	-
Total	\$ 3,113,525	\$ 4,193,592

The difference between projected OPEB plan investment earnings and actual earnings is amortized over a five-year period. The remaining gains and losses are amortized over the expected average remaining service life.

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

Year Ended June 30	Deferred Outflows/(inflows) of Resources
2020	\$ (389,663)
2021	(389,663)
2022	(281,674)
2023	(19,067)
	\$ (1,080,067)

xv. Payable to OPEB Plan

The City did not report any payables for the outstanding amount of contributions to the OPEB plan required for the year ended June 30, 2019.

NOTE 12 – DEFERRED COMPENSATION PLAN

City employees may defer a portion of their compensation under a City sponsored Deferred Compensation Plan created in accordance with Internal Revenue Code Section 457. Under this plan, participants are not taxed on the deferred portion of their compensation until distributed to them; distributions may be made only at termination, retirement, death or in an emergency as defined by the plan.

The laws governing deferred compensation plan assets require plan assets to be held by a Trust for the exclusive benefit of plan participants and their beneficiaries. Since the assets held under these plans are not the City's property and are not subject to City control, they have been excluded from these financial statements.

NOTE 13 – JOINT VENTURES

The City participates in the joint venture activities described below through formally organized and separate entities established under the Joint Exercise of Powers Act of the State of California. As separate legal entities, these organizations exercise full powers and authorities within the scope of the related Joint Powers Agreements including the preparation of annual budgets, accountability for all funds, the power to make and execute contracts and the right to sue and be sued. Each joint venture is governed by a board consisting of representatives from member municipalities. Each board controls the operations of the respective joint venture, including selection of management and approval of operating budgets, independent of any influence by member municipalities beyond their representation on the Board. Assets and liabilities of the separate entities are not those of the City. The City's sole financial responsibility is to fund annual contributions to each entity which are used along with other member contributions to finance each joint venture's annual operations.

A. Livermore-Amador Valley Water Management Agency (LAVWMA)

Livermore-Amador Valley Water Management Agency (LAVWMA) was formed in 1974. LAVWMA operates the export pipeline connecting with the East Bay Discharges Authority's systems and discharges treated wastewater into San Francisco Bay. The current members of the Agency are Dublin San Ramon Services District, City of Livermore and City of Pleasanton. Sewer revenue bonds issued by LAVWMA are being repaid with user charges assessed to member agencies.

The City accounts for its investment in LAVWMA by the equity method in the Sewer Enterprise Fund. The City records its share of earnings (losses) in the Proprietary Funds Statement of Revenues, Expenses and Changes in Net Position as "Change in value in investment in JPA - LAVWMA," and the carrying value of the City's investment in LAVWMA is recorded in the Proprietary Funds Statement of Net Position as "Investment in JPA - LAVWMA."

On August 1, 2011, LAVWMA issued \$105,345,000 principal amount of 2011 Sewer Revenue Refunding Bonds. Proceeds of the issuance were used to refund and retire the Series A Sewer Revenue Bonds and to pay costs of issuance. Under an Amended and Restated Sewer Service Contract dated October 1, 2011 between LAVWMA and the Members, the Members pledged and created, in favor of LAVWMA and the Trustee for the 2011 Bonds, a lien on the Net Revenues of their respective wastewater systems to pay to LAVWMA the amounts owed in order for LAVWMA to pay the debt service on the 2011 bonds. The City's share is 27.83% of the total debt service. The City's unaudited equity interest in LAVWMA was \$ 18,367,434 as of June 30, 2019.

Financial statements for LAVWMA may be obtained from DSRSD at 7051 Dublin Boulevard, Dublin, California 94568.

B. Livermore-Amador Valley Transit Authority (LAVTA)

This Authority was formed in May 1985 by a joint exercise of powers agreement between the County of Alameda and the Cities of Livermore, Pleasanton and Dublin for the purpose of providing general public transportation under the business name "Wheels". Financial statements may be obtained from LAVTA, 1362 Rutan Court, Suite 100, Livermore, CA 94551.

C. Tri-Valley Transportation Council (TVTC)

The Tri-Valley Transportation Council was formed in 1991 by a joint exercise of powers agreement between the cities of Dublin, Livermore, Pleasanton, and San Ramon, the Town of Danville and the Counties of Alameda and Contra Costa for the purposes of preparing a transportation plan and providing transportation facilities within the Tri-Valley area. Financial statements may be obtained from Franklin Management Systems, Inc., Attn: Mr. Jack Harrington, 3037 Hopyard Road, Suite M, Pleasanton, CA 94588.

NOTE 13 - JOINT VENTURES (Continued)**D. Alameda County Congestion Management Program**

The Alameda County Congestion Management Program was formed in 1991 by a joint exercise of powers agreement between the County and cities of Alameda for the purpose of preparing, implementing and administering a traffic congestion management plan pursuant to California Government Code section 66531. Financial statements may be obtained from the Alameda County Congestion Management Agency at 1333 Broadway, Suite 220, Oakland, CA, 94612.

E. Livermore - Pleasanton Fire Department Joint Powers Agreement (LPFD)

On December 3, 1996, the cities of Livermore and Pleasanton signed a joint powers agreement to form a joint Fire Department covering both cities. The LPFD may own physical assets and can enter into contracts with the approval of the governing board, where applicable. Fire protection services are provided by the City of Pleasanton employees under the joint power agreement. The LPFD prepares its budget including contributions required from each City to fund operating and capital needs for the year. In January 2013, the City of Livermore began functioning as Treasurer for LPFD. The City of Livermore has 50% equity share (or deficit, when applicable) in LPFD and share all the costs at approximately 50%. The City accounts for LPFD in an Agency Fund. During the year ended June 30, 2019, the City contributed \$ 17,881,628 to LPFD representing its share of costs. The City's unaudited deficit interest in LPFD was estimated as \$41,176,313 as of June 30, 2019.

Financial statements for LPFD may be obtained from the City of Livermore at 1052 South Livermore Avenue, Livermore, California 94550.

F. California Public Finance Authority (CalPFA)

California Public Finance Authority (CalPFA) is a political subdivision of the State of California established under the Joint Exercise of Powers Act for the purpose of issuing tax-exempt and taxable conduit bonds for public and private entities throughout California. CalPFA is empowered to promote economic, cultural, and community development opportunities that create temporary and permanent jobs, affordable housing, community infrastructure and improve the overall quality of life in local communities.

The City joined a Joint Exercise of Powers Agreement with CalPFA to issue bonds or other debt that constitute "qualified residential rental project bonds" under Section 142 (a)(7) and Section 142 (d) of the Internal Revenue Code in an amount not-to-exceed \$55,000,000 for the purpose of financing or refinancing the acquisition and construction of Ageno Apartments. CalPFA is responsible for all the reporting and monitoring components and the City has no post issuance obligations. The City's name does not appear on any legal documents. Since the JPA is a separate legal entity, the City has no liability exposure. Additionally, the City has no ongoing obligation to the JPA, unless the City wishes to issue bonds for another development project through the JPA.

Financial statements may be obtained from the California Public Finance Authority website, <http://www.calpfa.org/general-information/audits-transaction-reports> or from California Public Finance Authority, 2999 Oak Road Suite 710, Walnut Creek, CA 94597.

G. East Bay Community Energy (EBCE)

This authority formed in October 2016 by a joint exercise of power agreement between the County of Alameda and the Cities of Livermore, Pleasanton and Dublin for the purpose of purchasing energy on a community-wide basis by pooling the buying power of the individuals within their jurisdictions. Involvement in the JPA gives opportunities to the City for gaining greater local involvement over the provision of electricity supply services, competitive electric rates, the development of local renewable energy projects, reduced greenhouse gas emissions, and the wider implementation of energy conservation and efficiency projects and programs.

NOTE 13 - JOINT VENTURES (Continued)**H. Stopwaste**

This authority formed in 1976 by a joint exercise of power agreement between the County of Alameda, all fourteen cities located within the County along with two sanitary districts for the purpose of reducing waste in Alameda county. A representative from each Member Agency serves on the Alameda County Waste Management Authority Board. The Alameda County Waste Management Authority provides solid waste planning, projects and initiatives to increase recycling and reduce waste by residents, businesses and schools. Funding is provided by waste-related fees. Some projects for reduction of waste include the Green Building in Alameda County program, curbside residential food scrap recycling and the reusable bag ordinance. These programs have reduced construction waste, increased use of recycled building materials, produced food scrap composting and reduced the number of plastic bags in the County landfills. For more information visit www.stopwaste.org.

NOTE 14 - GENERAL LIABILITY AND WORKERS COMPENSATION COVERAGE**A. Risk Management**

The City of Livermore is self-insured for general liability claims up to a self-insured retention (SIR) of \$500,000 per occurrence. It is a member of California Joint Powers Risk Management Authority (CJPRMA), an excess insurance pool that provides coverage for each occurrence that exceeds the SIR. CJPRMA provides coverage up to \$40,000,000 per occurrence. The first \$5,000,000 layer is retained by CJPRMA and the second and third layers totaling \$35,000,000 are covered by reinsurance, purchased through their broker of record, Aon. The City of Livermore contributed \$332,381 to CJPRMA for liability coverage for the fiscal year ending June 30, 2019. The City of Livermore purchases a variety of insurance products from Aon, both through the CJPRMA pooled program and directly. The City paid \$134,404 directly to Aon, \$204,660 to Alliant through CJPRMA for property insurance, and \$39,900 for auto physical damage insurance to Aon through CJPRMA.

The Local Agency Workers Compensation Excess Joint Powers Authority (LAWCX) covers workers compensation up to statutory limits. The City has a deductible or uninsured liability of up to \$500,000 per claim. During the fiscal year ended June 30, 2019, the City contributed \$326,527 for program year coverage.

There were no significant change in insurance coverage was an increase in the deductible for property insurance from \$25,000 to \$100,000 per occurrence. There were no settlements in excess of insurance coverage in any of the three prior fiscal years.

Each risk pool is governed by a Board consisting of representatives from member municipalities. The Board controls the operations of each risk pool, including selection of management and approval of operating budgets, independent of any influence by member municipalities beyond their representation on the Board. The City's contribution to each risk pool equals the ratio of the City's payroll to the total payrolls of all entities participating in the same layer of each program, in each program year. Actual surpluses or losses are shared according to a formula developed from overall loss costs and spread to member entities on a percentage basis after a retrospective rating.

CJPRMA's financial statements may be obtained by contacting CJPRMA at (925) 837-0667. LAWCX's financial statements may be obtained by contacting LAWCX at (800) 541-4591.

NOTE 14 - GENERAL LIABILITY AND WORKERS COMPENSATION COVERAGE (Continued)

B. Liability for Uninsured Claims

The City’s liability for the uninsured portion of claims, including a provision for claims incurred but not reported, was computed as follows based on claims experience:

	Liability Insurance Reserve	Workers’ Compensation	Total
Balances of claims payable at June 30, 2018	\$ 2,464,150	\$ 6,324,435	\$ 8,788,585
Change in estimated claims liability	2,111,625	514,046	2,625,671
Claims paid	<u>(811,625)</u>	<u>(728,766)</u>	<u>(1,540,391)</u>
Balances of claims payable at June 30, 2019	<u>\$ 3,764,150</u>	<u>\$ 6,109,715</u>	<u>\$ 9,873,865</u>

The City estimates the total current portion of the claims liability at June 30, 2019 was \$1,400,000 with \$530,000 and \$870,000 for liability insurance and worker’s compensation, respectively.

NOTE 15 – ECONOMIC DEVELOPMENT INCENTIVES – TAX ABATEMENTS

The City offers economic development incentive program to the entities that propose to locate or expand already established businesses within the City. This incentive program is expected to provide a stimulus to the City’s economy, increase the tax base and create jobs. Each of the agreements entered into by the City, provides for a rebate of taxes paid to the City according to formulas contained in the agreements. These limited terms agreements provide for a sharing of the taxes (percentage rebates) above certain amounts with a maximum rebate not to exceed the cost of a business’ improvements and/or development impact fees. The City generally expects to receive increased revenue as a result of these agreements. These incentive agreements require approval by City Council.

For financial reporting purposes, the GASB Statement No. 77 defines a tax abatement as resulting from an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. According to the GASB 77, the substance of these agreements meet the definition of “tax abatements” as the revenues received were not available for general municipal services purposes, but rather used to effectively reduce the net tax liability of certain taxpayers per the conditions of an agreement.

The taxes paid to the City are included in the revenue reported in these financial statements and the payments made to the businesses based upon the taxes paid are included as expenditures in these financial statements. For the fiscal year ended June 30, 2019, under this program the City has abatements of sales tax totaling \$2,030,268.

Pursuant to the Sales and Use Tax law (chapter 8 – Article 1 – section 7056), in order to protect the confidential information of sales taxes collected and abatements provided to each of the specific agencies, the City has presented the aggregate amount abated during the current fiscal year.

NOTE 16 - COMMITMENTS AND CONTINGENCIES

The City is subject to litigation arising in the normal course of business. In the opinion of the City Attorney there is no pending litigation which is likely to have a material adverse effect on the financial position of the City.

The City participates in several Federal and State grant programs. These programs have been audited by the City's independent accountants in accordance with the provisions of the Federal Single Audit Act amendments of 1996 and applicable State requirements. No cost disallowances were proposed as a result of these audits; however, these programs are still subject to further examination by the grantors and the amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time. The City expects such amounts, if any, to be immaterial.

A. Construction Commitments

The City has the following outstanding construction commitments at June 30, 2019:

Vendors	Amount
D.C. Electric	\$ 70,850
D.L. Falk Constuction	1,916,828
Ghilotti Construction	1,367,295
Gradetech, Inc	160,970
Hess Construction	160,647
McGuire & Hester	5,000
Pacific Infastructure	524,120
Paso Robles Tank	5,586,629
Sandstone Environmental	59,397
Terracare Associates	386,028
Urban Water Proofing	276,522
Vanguard Construction	174,670
	<u>\$ 10,688,956</u>

There were no outstanding encumbrances related to these commitments on June 30, 2019.

B. Other Contract Commitments

The City of Livermore has numerous contracts with various vendors for goods and services. Approximately 207 contracts will expire during the fiscal year 2019-20. The total remaining commitments for contracts expiring in fiscal year 2019-20 is approximately \$7.8 Million. There were no outstanding encumbrances related to these commitments on June 30, 2019.

C. Animal Shelter

The Cities of Dublin, Pleasanton, and Livermore and the County of Alameda reached an agreement under which Alameda County constructed an animal shelter facility on County property. Under the agreement the entities share in the debt service and operating costs of the project based on their use of the animal shelter. The City of Livermore paid \$360,234 for its share of debt service and operating costs. The City's portion of the project fluctuates based on actual usage and was 21.14% as of June 30, 2019.

D. Alameda County

During fiscal year 2014-15, Alameda County made a \$2.8 million contribution necessary to effect the redemption and retirement of the 2006 Bankhead Theater bond and prepayment of 2006 loan and issuance of 2014 COP Series A. The City is obliged to return \$2.8 million to Alameda County in the event the Bankhead Theater is sold. At present, the City does not have any intentions of selling the Theater.

NOTE 17 – SUCCESSOR AGENCY ACTIVITIES

The City of Livermore opted to become the Livermore Successor Agency to the former Redevelopment Agency of Livermore as of January 9, 2012. Since February 1, 2012, the date of dissolution, the housing related assets and activities of the dissolved redevelopment agency are reported in the governmental Housing Successor Special Revenue Fund. The non-housing related assets and activities of the dissolved redevelopment agency are reported in the fiduciary Successor Agency to the Redevelopment Agency Private Purpose Trust Fund whose activities are subject to review and approval of the Oversight Board.

A. Long-Term Debt

The Successor Agency assumed the long-term debt of the Redevelopment Agency as of February 1, 2012. On August 1, 2001, the Redevelopment Agency issued \$36,775,000 of **2001 Tax Allocation Bonds, Series A**. Proceeds were used to refund the above outstanding Livermore Redevelopment Project 1986 Tax Allocation Bonds Series A, and to provide funds to finance various redevelopment activities within the Project Area.

Post Dissolution Assembly Bill 1484 permits the refunding of outstanding bonds of former redevelopment agencies if the total debt service (principal and interest) on the new refunding bonds is less than the total remaining debt service on the bonds being refunded (currently outstanding). The purpose for refunding redevelopment bonds is to reduce the interest rate, which lowers the annual tax increment required to make debt payments and increases the share of tax increment available to affected taxing entities.

In December 2016, the Successor Agency refinanced the 2001 Tax Allocation Bonds, Series A and issued two refunding bonds, 2016 Tax Allocation Refunding Bonds, Series A (tax exempt) and Series B (taxable). The refinancing of this debt did not extend the August 1, 2032 final maturity date or provide additional proceeds for projects; however, the anticipated present value savings are more than \$300,000 annually or approximately \$4.9 million over the life of the refunding issue. The future annual debt savings will allow more funds to flow to the affected taxing entities, including the City. The table below presents the detail of activities during current fiscal year.

	Balance at June 30, 2018	Retirements	Balance at June 30, 2019	Amount due in one year
Fiduciary Activities				
2016 Tax Allocation Refunding Bonds, 3.00%-5.00%, 2032	\$ 22,195,000	\$ 1,160,000	\$ 21,035,000	\$ 1,220,000
Unamortized Premium	1,210,214	92,489	1,117,725	92,489
Total debt	\$ 23,405,214	\$ 1,252,489	\$ 22,152,725	\$ 1,312,489

Semiannual debt service payments are due August 1 and February 1, and are repayable from tax increment revenues of the former Redevelopment Agency Project Area. Annual debt service requirements combined are shown below:

For the Year Ending June 30	Principal	Interest	Total
2020	\$ 1,220,000	\$ 825,469	\$ 2,045,469
2021	1,280,000	762,969	2,042,969
2022	1,345,000	697,344	2,042,344
2023	1,410,000	628,469	2,038,469
2024	1,485,000	556,094	2,041,094
2025-2029	8,475,000	1,723,300	10,198,300
2030-2032	5,820,000	303,947	6,123,947
Total	21,035,000	\$ 5,497,592	\$ 26,532,592
Unamortized Premium	1,117,725		
Total Debt	\$ 22,152,725		

NOTE 17 – SUCCESSOR AGENCY ACTIVITIES (Continued)**B. Commitments and Contingencies**

The City and former Agency have entered into a variety of development agreements with third parties to provide needed improvements and projects. Activities under agreements for which there are continuing commitments are disclosed in the following paragraphs. Additionally, the City and Agency have other agreements that entitle them to collect certain loans or notes receivable which are disclosed in Note 5.

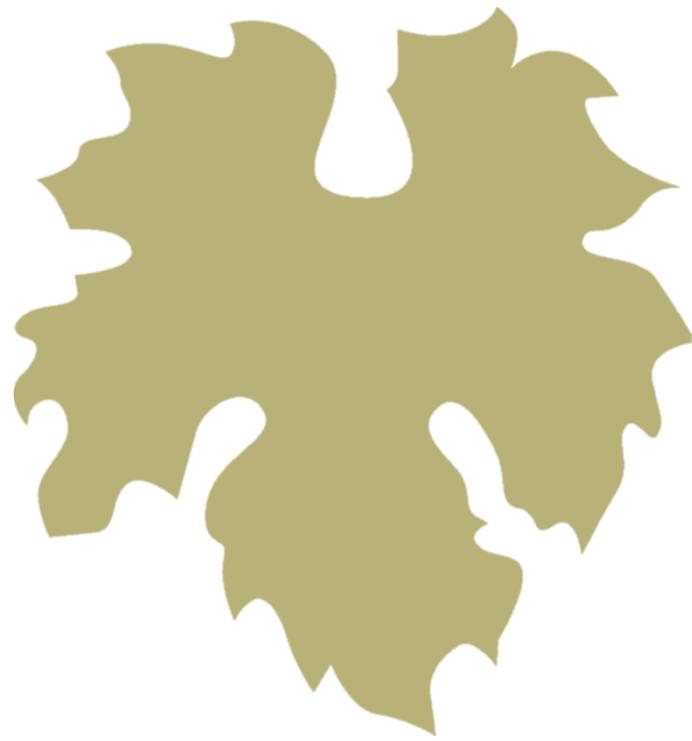
Last and Final Recognized Obligation Payment Schedule (LFRFPs)

In June 2018 the LSA presented to the Oversight Board and the State Department of Finance (DOF) a Last and Final Recognized Obligation Payment Schedule. The LFRFPs is used to establish the last Enforceable Obligations of the former redevelopment agency. Once approved, the items listed on the LFRFPs will continue to be paid without question until the obligations are completed. On September 28, 2018 the DOF approved the LSA's LFRFPs.

Loans between the LSA and the City

The remaining loan left for the Successor agency is the Supplemental Education Revenue Augmentation Fund (SERAF) Loan, with a current balance of \$843,438 owed to the City of Livermore. Further information on the loans is provided in Note 5.

REQUIRED
SUPPLEMENTARY
INFORMATION



NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**1. SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET TO ACTUAL**

The Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget to Actual presents the comparison of actual balances with the balances budgeted for revenues, expenses and transfers. This schedule is presented for General Fund, Low Income Housing Special Revenue Fund and Housing Successor Special Revenue Fund.

2. AGENT MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN (Miscellaneous Plan):**SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS**

This schedule reports the beginning and ending balances of the total pension liability, the plan assets available for pension benefits (called plan net position), and the net pension liability, as well as the change in those amounts during the year presented by cause (similar to the note disclosure). It also reports the total pension liability, plan net position, net pension liability, a ratio of plan net position divided by the total pension liability, the payroll amount for current employees in the plan (covered-employee payroll), and a ratio of the net pension liability divided by covered payroll.

SCHEDULE OF CONTRIBUTIONS

This schedule reports the agent multiple-employer's contributions to the plan which are actuarially determined, the employer's actual contributions, the difference between the actual and actuarially determined contributions, and a ratio of the actual contributions divided by covered payroll.

3. COST-SHARING EMPLOYER DEFINED BENEFIT PENSION PLAN (Safety Plan):**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

This schedule reports the proportion (percentage) of the collective net pension liability, the proportionate share (amount) of the collective net pension liability, the employer's covered employee payroll, the proportionate share (amount of the collective net pension liability as a percentage of the employer's covered employee payroll and the pension plan's fiduciary net position as a percentage of the total pension liability.

SCHEDULE OF CONTRIBUTIONS

This schedule reports the cost sharing employer's contributions to the plan which are actuarially determined, the employer's actual contributions, the difference between the actual and actuarially determined contributions, and a ratio of the actual contributions divided by covered-employee payroll.

4. OTHER POST EMPLOYMENT BENEFITS:**SCHEDULE OF CHANGES IN THE CITY'S NET OPEB LIABILITY AND RELATED RATIOS**

This schedule presents information about the components of the net OPEB liability and related ratios, including the OPEB plan's fiduciary net position as a percentage of the total OPEB liability, and the net OPEB liability as a percentage of covered-employee payroll

SCHEDULE OF CONTRIBUTIONS

This schedule reports the City's contributions to the plan which are actuarially determined, the employer's actual contributions, the difference between the actual and actuarially determined contributions, and a ratio of the actual contributions divided by covered-employee payroll.

SCHEDULE OF INVESTMENT RETURNS

This schedule presents annual money-weighted rate of return, net of investment expenses. Money-weighted rate of returns is a method of calculating period-by-period returns on OPEB plan investments that adjusts for the changing amounts actually invested.

GENERAL FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL FOR THE FISCAL YEAR ENDED JUNE 30, 2019				
	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ 31,735,001	\$ 34,103,800	\$ 35,234,143	\$ 1,130,343
Sales taxes	35,200,000	36,200,000	35,556,493	(643,507)
Other taxes	14,217,000	16,773,555	16,886,685	113,130
Licenses and permits	2,313,000	2,592,000	2,647,472	55,472
Intergovernmental	9,010,120	9,794,884	9,713,419	(81,465)
Contributions from outside sources	-	125,000	125,000	-
Fines and forfeitures	361,000	440,000	522,198	82,198
Other in lieu taxes	7,900	7,900	8,342	442
Charges for current services	10,100,423	7,212,684	7,752,120	539,436
Use of money and property	3,218,722	6,688,632	8,531,498	1,842,866
Miscellaneous	1,219,970	684,000	443,392	(240,608)
Total Revenues	107,383,136	114,622,455	117,420,762	2,798,307
EXPENDITURES				
Current:				
General Government:				
City Council	167,840	161,147	153,040	8,107
City Manager	1,693,513	2,109,120	1,992,078	117,042
City Attorney	1,731,400	1,689,805	1,635,294	54,511
Administrative Services	5,195,098	5,584,826	5,584,001	825
General Services	4,087,981	6,595,749	5,367,660	1,228,089
Fire	20,490,510	20,361,354	21,467,182	(1,105,828)
Police	36,043,614	36,091,969	36,597,420	(505,451)
Public Works	7,702,410	7,790,819	7,048,763	742,056
Community Development	16,921,840	14,941,833	15,080,691	(138,858)
Economic Development	3,200,556	2,768,904	2,815,442	(46,538)
Library	5,830,495	5,790,129	5,587,920	202,209
Capital Outlay:				
Capital projects	3,455,000	8,859,378	6,906,865	1,952,513
Total charges to appropriations	106,520,257	112,745,033	110,236,356	2,508,677
OTHER FINANCING SOURCES (USES)				
Transfers in	3,947,111	1,898,928	900,260	(998,668)
Transfers (out)	(5,482,429)	(6,558,218)	(5,962,071)	596,147
Total Other Financing Sources (Uses)	(1,535,318)	(4,659,290)	(5,061,811)	(402,521)
Net change in fund balance	(672,439)	(2,781,868)	2,122,595	<u>\$ 4,904,463</u>
Fund balance-beginning	62,919,040	62,919,040	62,919,040	
Fund balance-ending	<u>\$ 62,246,601</u>	<u>\$ 60,137,172</u>	<u>\$ 65,041,635</u>	

LOW INCOME HOUSING SPECIAL REVENUE FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL FOR THE FISCAL YEAR ENDED JUNE 30, 2019			
	Budget	Actual	Variance Positive (Negative)
REVENUES			
Contributions from outside sources	\$ 65,000	\$ 82,169	\$ 17,169
Charges for services	2,391,157	464,238	(1,926,919)
Use of money and property	377,781	2,275,565	1,897,784
Miscellaneous	3,322,428	269,268	(3,053,160)
Total Revenues	<u>6,156,366</u>	<u>3,091,240</u>	<u>(3,065,126)</u>
EXPENDITURES			
Current:			
General Government:			
Community Development	13,080,920	8,790,253	4,290,667
Capital Outlay:			
Capital projects	33,952	25,209	8,743
Total Expenditures	<u>13,114,872</u>	<u>8,815,462</u>	<u>4,299,410</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	<u>(6,958,506)</u>	<u>(5,724,222)</u>	<u>1,234,284</u>
OTHER FINANCING SOURCES (USES)			
Transfers (out)	(171,925)	(122,039)	49,886
Total Other Financing Sources (Uses)	<u>(170,710)</u>	<u>(120,823)</u>	<u>49,887</u>
Net change in fund balance	<u>\$ (7,129,216)</u>	(5,845,045)	<u>\$ 1,284,171</u>
Fund balances - beginning		24,969,759	
Beginning fund balance adjustment (Note 9D)		1,958,572	
Fund balances - ending		<u>\$ 21,083,286</u>	

HOUSING SUCCESSOR SPECIAL REVENUE FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL FOR THE FISCAL YEAR ENDED JUNE 30, 2019			
	HOUSING SUCCESSOR		
	Budget	Actual	Variance Positive (Negative)
REVENUES			
Use of money and property	\$ 61,962	\$ 95,401	\$ 33,439
Miscellaneous	<u>101,015</u>	<u>101,359</u>	<u>344</u>
Total Revenues	<u>162,977</u>	<u>196,760</u>	<u>33,783</u>
EXPENDITURES			
Current:			
Community Development	<u>25</u>	<u>390</u>	<u>(365)</u>
Total Expenditures	<u>25</u>	<u>390</u>	<u>(365)</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	<u>162,952</u>	<u>196,370</u>	<u>33,418</u>
Net change in fund balance	<u>\$ 162,952</u>	196,370	<u>\$ 33,418</u>
Fund balances - beginning		<u>2,697,055</u>	
Fund balances - ending		<u>\$ 2,893,425</u>	

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS Miscellaneous Plan ¹ An Agent Multiple-Employer Defined Benefit Pension Plan Last 10 Years ²					
	Measurement period ended June 30,				
	2014	2015	2016	2017	2018
Total Pension Liability					
Service Cost	\$ 4,972,951	\$ 4,537,193	\$ 4,562,441	\$ 5,221,025	\$ 5,353,724
Interest on total pension liability	16,548,323	17,148,686	18,070,523	18,672,998	19,302,859
Changes in assumptions	-	(4,175,908)	-	15,364,082	(2,304,595)
Differences between expected and actual experience	-	(3,477,134)	1,428,415	(1,649,050)	(921,100)
Benefit payments, including refunds of employee contributions	(9,745,631)	(10,512,026)	(11,641,525)	(11,823,392)	(12,027,431)
Net change in total pension liability	<u>11,775,643</u>	<u>3,520,811</u>	<u>12,419,854</u>	<u>25,785,663</u>	<u>9,403,457</u>
Total pension liability - beginning	<u>223,030,646</u>	<u>234,806,289</u>	<u>238,327,100</u>	<u>250,746,954</u>	<u>276,532,617</u>
Total pension liability - ending (a)	<u>\$ 234,806,289</u>	<u>\$ 238,327,100</u>	<u>\$ 250,746,954</u>	<u>\$ 276,532,617</u>	<u>\$ 285,936,074</u>
Plan fiduciary net position					
Contributions - employer	\$ 5,315,795	\$ 5,509,908	\$ 6,359,536	\$ 7,245,912	\$ 7,671,730
Contributions - employee	2,148,997	1,995,107	2,089,854	2,145,822	2,298,455
Net investment income	26,647,212	3,984,421	936,187	19,644,077	16,437,015
Benefit payments	(9,745,631)	(10,512,026)	(11,641,525)	(11,823,392)	(12,027,431)
Net plan to plan resource movement	-	-	-	-	(481)
Administrative expense	-	(201,583)	(109,139)	(260,907)	(301,784)
Other miscellaneous income/(expense)	-	-	-	-	(573,094)
Net change in plan fiduciary net position	<u>24,366,373</u>	<u>775,827</u>	<u>(2,365,087)</u>	<u>16,951,512</u>	<u>13,504,410</u>
Total fiduciary net position - beginning	<u>153,937,012</u>	<u>178,303,385</u>	<u>179,079,212</u>	<u>176,714,125</u>	<u>193,665,637</u>
Total fiduciary net position - ending (b)	<u>\$ 178,303,385</u>	<u>\$ 179,079,212</u>	<u>\$ 176,714,125</u>	<u>\$ 193,665,637</u>	<u>\$ 207,170,047</u>
Net pension liability - ending (a) - (b)	<u>\$ 56,502,904</u>	<u>\$ 59,247,888</u>	<u>\$ 74,032,829</u>	<u>\$ 82,866,980</u>	<u>\$ 78,766,027</u>
Plan fiduciary net position as a percentage of the total pension liability	75.94%	75.14%	70.48%	70.03%	72.45%
Covered payroll	\$ 25,934,554	\$ 24,958,429	\$ 25,849,521	\$ 26,984,829	\$ 27,914,510
Net pension liability as percentage of covered payroll	217.87%	237.39%	286.40%	307.09%	282.17%

¹ All Tiers of the Miscellaneous plan were combined on GASB 68 report by CalPERS.

² This schedule is intended to show information for 10 years. Information in this schedule is not available prior to 2014. Additional years will be added to this schedule in future fiscal years until 10 years of data is presented.

Notes to Schedule

Benefit changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2017 valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes in assumptions: Discount rates	7.50%	7.65%	7.65%	7.15%	7.15%
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SCHEDULE OF THE PLAN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND RELATED RATIOS AS OF THE MEASUREMENT DATE
 Safety Police Plan
 A Cost Sharing Defined Benefit Pension Plan
 Last 10 Years¹

Measurement period ended June 30,	Plan's proportion of the net pension liability (assets)	Plan's proportionate share of the net pension liability (assets)	Plan's covered payroll ²	Plan's proportionate share of the net pension Liability/(assets) as a percentage of its covered payroll	Plan's proportionate share of the fiduciary net position as a percentage of the plan's total pension liability	Plan's proportionate share of aggregate employer contribution
2014	0.35300%	\$ 21,965,368	\$ 9,836,927	223.30%	81.45%	\$ 2,724,851
2015	0.62029%	25,558,797	9,776,879	261.42%	79.04%	2,620,740
2016	0.63978%	33,135,364	10,332,152	320.70%	74.13%	2,894,745
2017	0.64020%	38,253,169	10,874,918	351.76%	73.15%	3,301,561
2018	0.66102%	38,785,811	11,599,156	334.38%	74.09%	3,759,899

¹ This schedule is intended to show information for 10 years. Information in this schedule is not available prior to 2014. Additional years will be added to this schedule in future fiscal years until 10 years of data is presented.

² With the implementation of GASB 82, Covered Payroll is defined as the actual payroll on which contributions to a pension plan are based.

SCHEDULE OF CONTRIBUTIONS Miscellaneous Plan ¹ An Agent Multiple-Employer Defined Benefit Pension Plan Last 10 Years ²						
Fiscal year ended June 30,	Actuarially determined contributions	Contributions in relation to the actuarially determined contributions	Contributions deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll	
2014 ³	\$ 5,315,795	\$ (5,315,795)	\$ -	\$ 25,934,554	20.50%	
2015 ³	5,509,908	(5,509,908)	-	24,958,429	22.08%	
2016 ³	6,359,536	(6,359,536)	-	25,849,521	24.60%	
2017 ³	7,245,912	(7,245,912)	-	26,984,829	26.85%	
2018 ³	7,671,730	(7,671,730)	-	27,914,510	27.48%	
2019 ⁴	8,878,238	(8,878,238)	-	29,985,230	29.61%	

Notes to Schedule

Valuation date: June 30, 2015

Methods and assumptions used to determine

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll
Amortization period	A fixed 30-year period with the increases or decreases in the rate spread directly over a 5-year period.
Asset valuation method	Market value of assets
Inflation	2.75%
Salary increases	3.2% to 12.2%, depending on Age, Service and type of employment
Payroll growth	3.00%
Investment rate of return	7.5%, net of pension plan investment expense, including inflation
Retirement age	50 years
Mortality	The probabilities of mortality are derived from CalPERS' Membership Data for all Funds based on CalPERS' specific data from a 2014 CalPERS Experience Study. The table includes 20 years of mortality improvements using the Society of Actuaries Scale BB.

Benefit changes: None
 Changes in assumptions: None

¹ All Tiers of the Miscellaneous plan were combined on GASB 68 report by CalPERS.
² This schedule is intended to show information for 10 years. Information in this schedule is not available prior to 2014. Additional years will be added to this schedule in future fiscal years until 10 years of data is presented.
³ Fiscal years noted in this table match with the fiscal years presented in the GASB 68 actuarial valuation report
⁴ As prescribed in GASB 68, paragraph 46, the information presented is from the most recent year

SCHEDULE OF CONTRIBUTIONS Safety Police Plan A Cost Sharing Defined Benefit Pension Plan Last 10 Years ¹							
Fiscal year ended June 30,	Actuarially determined contributions	Contributions in relation to the actuarially determined contributions	Contributions deficiency (excess)	Covered payroll ⁴	Contributions as a percentage of covered payroll		
2014 ²	\$ 2,334,711	\$ (2,334,711)	\$ -	\$ 9,487,559	24.61%		
2015 ²	2,620,741	(2,620,741)	-	9,776,879	26.81%		
2016 ²	2,894,745	(2,894,745)	-	10,332,152	28.02%		
2017 ²	3,301,561	(3,301,561)	-	10,874,918	30.36%		
2018 ²	3,759,899	(3,759,899)	-	11,599,156	32.42%		
2019 ³	4,387,258	(4,387,258)	-	12,310,910	35.64%		

Notes to Schedule

Benefit changes: None
 Changes in assumptions: None

¹ This schedule is intended to show information for 10 years. Information in this schedule is not available prior to 2014. Additional years will be added to this schedule in future fiscal years until 10 years of data is presented.

² Fiscal years noted in this table match with the fiscal years presented in the GASB 68 actuarial valuation report

³ As prescribed in GASB 68, paragraph 46, the information presented is from the most recent year

⁴ Covered Payroll is defined as the actual payroll on which contributions to a pension plan are based.

SCHEDULE OF CHANGES IN THE CITY'S NET OPEB LIABILITY AND RELATED RATIOS
Last 10 Fiscal Years ¹

	2017	2018	2019
Service Cost	\$ 1,324,000	\$ 1,364,072	\$ 1,404,890
Interest	4,461,000	4,645,578	4,827,840
Changes in assumptions	-	-	4,311,034
Differences between expected and actual experience	-	-	(5,282,915)
Benefit payments, including refunds	<u>(2,839,793)</u>	<u>(3,109,307)</u>	<u>(3,383,525)</u>
Net change in total OPEB liability	2,945,207	2,900,343	1,877,324
Total OPEB liability - beginning	68,715,793	71,661,000	74,561,343
Total OPEB liability - ending (a)	<u>\$ 71,661,000</u>	<u>\$ 74,561,343</u>	<u>\$ 76,438,667</u>
Plan fiduciary net position			
Contributions - employer	\$ 5,747,533	\$ 5,324,000	\$ 5,380,000
Net investment income	2,128,521	2,012,498	1,855,034
Benefit payments, including refunds	(2,839,793)	(3,109,307)	(3,383,525)
Administrative expense	<u>(86,886)</u>	<u>(102,288)</u>	<u>(111,259)</u>
Net change in plan fiduciary net position	4,949,375	4,124,903	3,740,250
Plan fiduciary net position - beginning	17,215,192	22,164,567	26,289,470
Plan fiduciary net position - ending (b)	<u>\$ 22,164,567</u>	<u>\$ 26,289,470</u>	<u>\$ 30,029,720</u>
City's net OPEB liability - ending (a) - (b)	<u>\$ 49,496,433</u>	<u>\$ 48,271,873</u>	<u>\$ 46,408,947</u>
Plan fiduciary net position as a percentage of the total pension liability	30.93%	35.26%	39.29%
Covered payroll ²	\$ 29,345,533	\$ 47,169,986	\$ 28,506,581
City's net OPEB liability as a percentage of covered payroll	168.67%	102.34%	162.80%

¹ This schedule is intended to show information for 10 years. Additional years will be added to this schedule in future fiscal years until 10 years of data is presented.

² With the implementation of GASB 82, Covered Payroll is defined as the actual payroll on which contributions to a pension plan are based.

Notes to Schedule

Benefit changes: None

Changes in assumptions: None

SCHEDULE OF CONTRIBUTIONS OTHER POST EMPLOYMENT BENEFITS Last 10 Fiscal Years ¹					
Fiscal year ended June 30,	Actuarially determined contributions	Contributions in relation to the actuarially determined contributions	Contributions deficiency (excess)	Covered payroll ²	Contributions as a percentage of covered payroll
2017	\$ 5,426,000	\$ (5,747,533)	\$ (321,533)	\$ 29,345,533	19.59%
2018	\$ 5,060,000	\$ (5,324,000)	\$ (264,000)	\$ 47,169,986	11.29%
2019	\$ 5,082,000	\$ (5,380,000)	\$ (298,000)	\$ 28,506,581	18.87%

Notes to Schedule

Valuation date: June 30, 2016

Methods and assumptions used to determine

Actuarial cost method	Entry age, level percentage of payroll
Amortization method	Level percentage of payroll
Remaining amortization period	20-year fixed period for 2017-18
Asset valuation method	Investment gains and losses spread over 5-year rolling period
Inflation	2.75%
Healthcare cost trend rates	Non-medicare - 6.25% for 2018 scaling down to 4.75% in 2021 Medicare - 6.45% for 2018 scaling down to 4.75% in 2021
Salary increases	3.00%
Investment rate of return	6.50%, net of plan investment expense
Retirement age	Average retirement age 57.2 years
Mortality	The probabilities of mortality are derived from CalPERS' Membership Data for all Funds based on CalPERS' specific data from a 2014 CalPERS Experience Study report, derived from data collected during fiscal years 1997 to 2011. The table includes Mortality improvement projection Scale MP-2016 with 15-year convergence.

Benefit changes: None

Changes in assumptions: None

¹ This schedule is intended to show information for 10 years. Additional years will be added to this schedule in future fiscal years until 10 years of data is presented.

² With the implementation of GASB 82, Covered Payroll is defined as the actual payroll on which contributions to a pension plan are based.

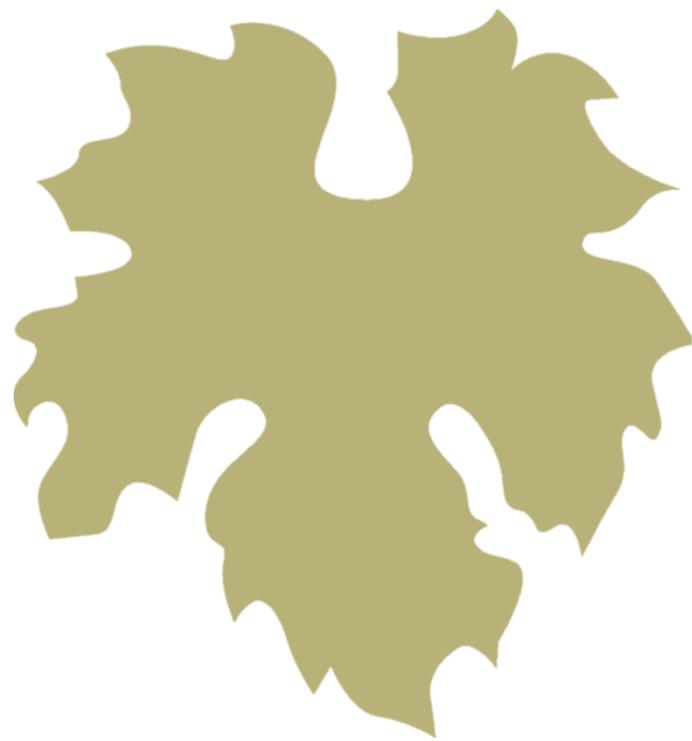
SCHEDULE OF INVESTMENT RETURNS OTHER POST EMPLOYMENT BENEFITS Last 10 Fiscal Years ¹	
Fiscal year ended June 30,	Annual money-weighted rate of return, net of investment expense
2017	11.40%
2018	8.90%
2019	6.55%

¹ This schedule is intended to show information for 10 years. Additional years will be added to this schedule in future fiscal years until 10 years of data is presented.



SUPPLEMENTARY
INFORMATION





NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS are used to account for City revenues from sources that, by law or administrative action, are designated to finance particular functions or activities of government. The individual special revenue funds are as follows:

HOUSING AND COMMUNITY ASSISTANCE

Established to account for outside resources used for Housing and Human Service programs that can be used to create and expand affordable housing opportunities.

HORIZONS

Established to account for the receipt of grant funds from the Federal Department of Health and Human Services (passed through the Alameda County Probation Department and the Alameda County Health Care Services Agency) for the youth diversion program.

SOLID WASTE MANAGEMENT

Established to account for funds received from waste hauler franchise fees and Alameda County Waste Management Authority used to administer and participate in City/County planning programs to ensure compliance with the California Integrated Solid Waste Management Act, AB 939.

MAINTENANCE DISTRICT

Established to account for the receipt and disbursement of Landscape Maintenance District fees collected from developers and homeowners.

CITY STREET SWEEPING

Established to administer funds received through solid waste collection fees.

PARK FEE

Established to administer the AB1600 funds received from developers to construct new parks in the City.

OTHER SPECIAL REVENUE FUNDS

Established to account for City programs including the Public Art In-Lieu Fee Program, Altamont Open Space Program, and Brownfield Program.

PEG

Established to account for Public, Educational, and Government (PEG) Access funds received from local cable TV franchises used for capital related items for community cable programming.

ALAMEDA COUNTY TRANSPORTATION FUNDS

Established to account for funds received from the Alameda County Transportation Commission including Measure B funds, Measure F funds (Vehicle Registration Fees), and project-specific grant funds which provide funding for street maintenance and improvement programs, pedestrian programs, and transportation-related capital projects.

GAS TAX

Established to account for revenue apportioned to the City from State Street & Highways Codes 2103, 2105, 2106, and 2107, and State Department of Transportation Proposition 1B funds which are expended for construction and maintenance of City streets.

HOST COMMUNITY IMPACT FEE

Established to account for the collection of Host Community Impact Fees from the Altamont and Vasco Road Landfills which are restricted for the use of promoting the arts in Livermore.

OTHER IMPACT FEE SPECIAL REVENUE FUND

Established to account for other City impact fees including the Downtown Revitalization Impact Fee, Human Services Facilities Impact Fees, Parking Space Impact Fees, Storm Drain Impact Fees, and Solid Waste and Recycling Impact Fees to be expended according to their respective City ordinances.

TRI-VALLEY TRANSPORTATION COUNCIL (TVTC) 20% FEE

Established to account for receipts of Tri-Valley Transportation Council fees for specific capital improvement projects.

OTHER LOCAL, STATE, AND FEDERAL GRANTS SPECIAL REVENUE FUND

Established to account for various grants from local agencies, the State of California, and the Federal Government to be expended for a specific program, activity or facility.

DEBT SERVICE FUNDS are used to account for the payment of principal and interest on city-wide governmental debt.

LIVERMORE CAPITAL PROJECTS FINANCING AUTHORITY (LCPFA) 2011 COP were issued to provide financing for certain capital projects.

2014 COP

Series A were issued to provide financing for the acquisition of Bankhead Theater. Series B were issued to defease LCPFA 2008 COP.

CAPITAL PROJECTS FUNDS are used to account for and report financial resources that are restricted, committed or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

TRAFFIC IMPACT FEE

Established to account for traffic impact fees collected from developers for the purpose of constructing or providing circulation system improvements.

ISABEL AVENUE

Established to account for the construction of new interchange on I-580 at Isabel Avenue/ Route 84 Extension. Financing is provided by Other Local, State and Federal Grant Funds, Alameda County Transportation Fund, and developer impact fees.

EL CHARRO SPECIFIC PLAN

Established to account for the design and construction of the public infrastructure to serve the El Charro Specific Plan Area.

DEVELOPER DEPOSITS

Established to account for developer fees received pursuant to development agreements, performance deposits, public park improvement fees and transportation development fees collected.

OTHER CAPITAL PROJECTS

Established to account for various quality community improvements including Transferable Development Credits from developers, fire station, Livermorium Park, and to account for construction of public improvements on College Avenue Assessment District 87-2A and Shea Community Facilities District.

STREET FUND

Established to account for the construction and improvements of city streets including Vasco Road, Civic Center Bus Stop, and Route 84. Financing includes multiple source including City funds (Tri-Valley Transportation Council Funds, Traffic Impact Fees) and third parties (California Department of Transportation, LAVTA and Agency Trust).

PERMANENT FUNDS are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the government's programs.

DOOLAN CANYON ENDOWMENT FUND

Established to account for an endowment restricted for items related to mitigation of the burrowing owl habitat.

NON-MAJOR GOVERNMENTAL FUNDS COMBINING BALANCE SHEET JUNE 30, 2019						
SPECIAL REVENUE FUNDS						
	Housing & Community Assistance	Horizons	Solid Waste Management	Maintenance District	City Street Sweeping	Park Fee
ASSETS						
Cash and investments in City Treasury	\$ 1,078,756	\$ -	\$ 467,395	\$ 8,206,731	\$ 9,242	\$ 14,202,449
Cash and investments with Trustees	-	-	-	-	-	-
Accounts receivables (net of applicable allowable for uncollectibles)	16,145	147,560	76,905	16,328	95	-
Prepays and supplies	-	-	-	-	-	-
Notes receivable	2,027,300	-	-	-	-	-
Due from other funds	-	-	-	-	-	-
Total Assets	\$ 3,122,201	\$ 147,560	\$ 544,300	\$ 8,223,059	\$ 9,337	\$ 14,202,449
LIABILITIES						
Accounts payable and other accruals	\$ -	\$ 34,782	\$ 9,537	\$ 178,669	\$ 321	\$ 2,701,195
Accrued payroll	-	16,893	6,515	16,994	5,401	-
Interest payable	-	-	-	-	-	-
Deposits payable	-	-	-	-	-	-
Due to other funds	-	14,651	-	-	-	-
Advances from other funds	-	-	-	-	-	-
Unearned rents and revenue	-	5,041	-	-	-	-
Total Liabilities	-	71,367	16,052	195,663	5,722	2,701,195
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue- loan receivable	2,027,300	107,737	-	-	-	-
Total deferred inflows of resources	2,027,300	107,737	-	-	-	-
FUND BALANCE						
Nonspendable	-	-	-	-	-	-
Restricted	1,094,901	-	528,248	8,027,396	3,615	11,501,254
Committed	-	-	-	-	-	-
Unassigned	-	(31,544)	-	-	-	-
Total Fund Balances (Deficits)	1,094,901	(31,544)	528,248	8,027,396	3,615	11,501,254
Total Liabilities, deferred inflows of resources, and fund balances (deficits)	\$ 3,122,201	\$ 147,560	\$ 544,300	\$ 8,223,059	\$ 9,337	\$ 14,202,449

SPECIAL REVENUE FUNDS							
Other Special Revenue Funds	PEG	Alameda County Transportation Funds	Gas Tax	Host Community Impact Fee	Other Impact Fee	TVTC 20% Fee	Other Local, State and Federal Grants
\$ 6,174,997	\$ 598,226	\$ 6,613,851	\$ 5,317,741	\$ 609,709	\$ 4,261,298	\$ 2,918,703	\$ 3,797,461
-	-	-	-	-	-	-	-
16	64,557	854,072	157,154	263,894	160,750	-	541,253
-	-	-	-	-	-	-	2,200
102,516	-	-	-	-	-	-	2,523,820
-	-	-	-	-	-	-	-
<u>\$ 6,277,529</u>	<u>\$ 662,783</u>	<u>\$ 7,467,923</u>	<u>\$ 5,474,895</u>	<u>\$ 873,603</u>	<u>\$ 4,422,048</u>	<u>\$ 2,918,703</u>	<u>\$ 6,864,734</u>
\$ 16,639	\$ -	\$ 178,622	\$ 561,849	\$ -	\$ 148,406	\$ -	\$ 387,078
-	-	-	-	-	-	-	152
-	-	-	-	-	-	-	-
1,225	-	6,027	119,627	-	-	-	474,842
-	-	-	-	-	-	-	-
-	-	-	-	-	3,880,245	-	-
569,265	-	-	-	-	-	-	56,606
<u>587,129</u>	<u>-</u>	<u>184,649</u>	<u>681,476</u>	<u>-</u>	<u>4,028,651</u>	<u>-</u>	<u>918,678</u>
102,516	-	-	-	-	-	-	2,771,306
<u>102,516</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,771,306</u>
-	-	-	-	-	-	-	-
4,004,379	662,783	7,283,274	4,793,419	873,603	393,397	2,918,703	3,174,750
1,583,505	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>5,587,884</u>	<u>662,783</u>	<u>7,283,274</u>	<u>4,793,419</u>	<u>873,603</u>	<u>393,397</u>	<u>2,918,703</u>	<u>3,174,750</u>
<u>\$ 6,277,529</u>	<u>\$ 662,783</u>	<u>\$ 7,467,923</u>	<u>\$ 5,474,895</u>	<u>\$ 873,603</u>	<u>\$ 4,422,048</u>	<u>\$ 2,918,703</u>	<u>\$ 6,864,734</u>

(Continued)

NON-MAJOR GOVERNMENTAL FUNDS COMBINING BALANCE SHEET JUNE 30, 2019						
	DEBT SERVICE FUNDS		Traffic Impact Fee	CAPITAL PROJECTS FUNDS		
	LCPFA 2011 COP	2014 COP		Isabel Avenue	El Charro Specific Plan	Developer Deposits
ASSETS						
Cash and investments in City Treasury	\$ -	\$ 212,490	\$ 20,215,966	\$ -	\$ 626,201	\$ 1,750,001
Cash and investments with Trustees	854,214	-	-	-	-	-
Accounts receivables (net of applicable allowable for uncollectibles)	-	-	-	-	-	-
Prepays and supplies	-	-	-	-	-	-
Notes receivable	-	-	-	-	-	-
Due from other funds	-	-	275,979	-	-	-
Total Assets	\$ 854,214	\$ 212,490	\$ 20,491,945	\$ -	\$ 626,201	\$ 1,750,001
LIABILITIES						
Accounts payable and other accruals	\$ -	\$ 48,699	\$ 181,658	\$ 30,180	\$ 82,027	\$ -
Accrued payroll	-	-	-	-	-	-
Interest payable	-	143,543	-	-	-	-
Deposits payable	-	-	-	-	-	24,198
Due to other funds	-	-	-	275,979	-	-
Advances from other funds	-	-	-	-	-	-
Unearned rents and revenue	-	-	-	-	-	1,725,803
Total Liabilities	-	192,242	181,658	306,159	82,027	1,750,001
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue- loan receivable	-	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-	-
FUND BALANCE						
Nonspendable	-	-	-	-	-	-
Restricted	854,214	20,248	20,310,287	-	544,174	-
Committed	-	-	-	-	-	-
Unassigned	-	-	-	(306,159)	-	-
Total Liabilities, deferred inflows of resources, and fund balances (deficits)	\$ 854,214	\$ 212,490	\$ 20,491,945	\$ -	\$ 626,201	\$ 1,750,001

CAPITAL PROJECTS FUNDS		PERMANENT FUND		Total Nonmajor Governmental Funds
Other Capital Projects	Street Fund	Doolan Canyon Endowment Fund		
\$ 17,542,251	\$ 526,408	\$ 2,522	\$ 95,132,398	
301,687	-	537,789	1,693,690	
-	4,966	-	2,303,695	
-	-	-	2,200	
-	-	-	4,653,636	
-	-	-	275,979	
<u>\$ 17,843,938</u>	<u>\$ 531,374</u>	<u>\$ 540,311</u>	<u>\$ 104,061,598</u>	
\$ 1,585,461	\$ -	\$ 2,522	\$ 6,147,645	
-	-	-	45,955	
-	-	-	143,543	
-	-	-	625,919	
-	-	-	290,630	
-	-	-	3,880,245	
-	-	-	2,356,715	
<u>1,585,461</u>	<u>-</u>	<u>2,522</u>	<u>13,490,652</u>	
-	-	-	5,008,859	
-	-	-	5,008,859	
-	-	537,789	537,789	
16,258,477	531,374	-	83,778,496	
-	-	-	1,583,505	
-	-	-	(337,703)	
<u>16,258,477</u>	<u>531,374</u>	<u>537,789</u>	<u>85,562,087</u>	
<u>\$ 17,843,938</u>	<u>\$ 531,374</u>	<u>\$ 540,311</u>	<u>\$ 104,061,598</u>	

**NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2019**

	SPECIAL REVENUE FUNDS					
	Housing & Community Assistance	Horizons	Solid Waste Management	Maintenance District	City Street Sweeping	Park Fee
REVENUES						
Taxes and special assessments	\$ -	\$ -	\$ -	\$ 3,249,753	\$ -	\$ -
Intergovernmental	-	687,267	381,776	-	-	-
Contributions from outside sources	-	52,555	-	-	-	-
Charges for services	-	4,513	306,035	-	540,419	2,779,747
Use of money and property	26,066	-	4,740	-	-	480,322
Miscellaneous	81,387	3,434	-	-	-	-
Total Revenues	107,453	747,769	692,551	3,249,753	540,419	3,260,069
EXPENDITURES						
Current:						
General Government						
City Council	-	-	-	-	-	-
City Manager	-	-	-	-	-	-
Fire	-	-	-	-	-	-
Police	-	1,079,037	-	-	-	-
Public Works	-	-	579,304	2,567,583	611,913	-
Community Development	51,732	-	-	-	-	8,738,589
Library	-	-	-	-	-	-
Capital Outlay:						
Capital projects	-	-	-	-	-	239,806
Debt service:						
Principal retirement	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total Expenditures	51,732	1,079,037	579,304	2,567,583	611,913	8,978,395
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	55,721	(331,268)	113,247	682,170	(71,494)	(5,718,326)
OTHER FINANCING SOURCES (USES)						
Transfers in	-	358,890	-	217,198	-	-
Transfers (out)	-	-	-	(189,097)	-	-
Total Other Financing Sources (Uses)	-	358,890	-	28,101	-	-
Change in fund balances before extraordinary items	55,721	27,622	113,247	710,271	(71,494)	(5,718,326)
Net change in fund balances	55,721	27,622	113,247	710,271	(71,494)	(5,718,326)
Fund balances (deficits)- beginning	1,039,180	(59,166)	415,001	7,317,125	75,109	17,219,580
Fund balances (deficits)- ending	\$ 1,094,901	\$ (31,544)	\$ 528,248	\$ 8,027,396	\$ 3,615	\$ 11,501,254

SPECIAL REVENUE FUNDS							
Other Special Revenue Funds	PEG	Alameda County Transportation Funds	Gas Tax	Host Community Impact Fee	Other Impact Fee	TVTC 20% Fee	Other Local, State and Federal Grants
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	3,833,915	3,505,473	-	-	-	1,542,082
9,044	-	-	-	639,720	160,750	-	105,662
164,139	-	-	271	-	1,316,235	384,771	51,680
36,998	-	192,162	99,388	-	-	80,066	119,460
591,400	204,940	-	-	-	-	-	125,136
<u>801,581</u>	<u>204,940</u>	<u>4,026,077</u>	<u>3,605,132</u>	<u>639,720</u>	<u>1,476,985</u>	<u>464,837</u>	<u>1,944,020</u>
-	-	-	-	-	-	-	144,435
-	163,848	-	-	-	-	-	-
-	-	-	-	-	-	-	17,590
-	-	-	-	-	-	-	315,032
-	-	812	-	24,991	-	-	24,908
69,771	-	3,285,289	2,721,183	-	1,115,933	55,487	574,542
-	-	-	-	-	-	-	77,864
25,193	787,000	209,246	1,474,383	-	-	-	188,257
-	-	-	-	-	-	-	126,395
-	-	-	-	-	-	-	55,726
<u>94,964</u>	<u>950,848</u>	<u>3,495,347</u>	<u>4,195,566</u>	<u>24,991</u>	<u>1,115,933</u>	<u>55,487</u>	<u>1,524,749</u>
<u>706,617</u>	<u>(745,908)</u>	<u>530,730</u>	<u>(590,434)</u>	<u>614,729</u>	<u>361,052</u>	<u>409,350</u>	<u>419,271</u>
-	-	-	-	-	-	-	-
(22,938)	-	(212,409)	(70,279)	(320,667)	(1,216)	-	(117,637)
(22,938)	-	(212,409)	(70,279)	(320,667)	(1,216)	-	(117,637)
<u>683,679</u>	<u>(745,908)</u>	<u>318,321</u>	<u>(660,713)</u>	<u>294,062</u>	<u>359,836</u>	<u>409,350</u>	<u>301,634</u>
683,679	(745,908)	318,321	(660,713)	294,062	359,836	409,350	301,634
4,904,205	1,408,691	6,964,953	5,454,132	579,541	33,561	2,509,353	2,873,116
<u>\$ 5,587,884</u>	<u>\$ 662,783</u>	<u>\$ 7,283,274</u>	<u>\$ 4,793,419</u>	<u>\$ 873,603</u>	<u>\$ 393,397</u>	<u>\$ 2,918,703</u>	<u>\$ 3,174,750</u>

(Continued)

NON-MAJOR GOVERNMENTAL FUNDS COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES FOR THE YEAR ENDED JUNE 30, 2019						
	DEBT SERVICE FUNDS		CAPITAL PROJECTS FUNDS			
	LCPFA 2011 COP	2014 COP	Traffic Impact Fee	Isabel Avenue	El Charro Specific Plan	Developer Deposits
REVENUES						
Taxes and special assessments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-
Contributions from outside sources	-	-	-	-	2,393,766	100,000
Charges for services	-	-	1,515,183	-	14,269	-
Use of money and property	20,271	-	579,671	-	-	-
Miscellaneous	-	-	-	-	-	-
Total Revenues	20,271	-	2,094,854	-	2,408,035	100,000
EXPENDITURES						
Current:						
General Government:						
City Council	-	-	-	-	-	-
City Manager	-	-	-	-	-	-
Fire	-	-	-	-	-	-
Police	-	-	-	-	-	-
Public works	-	-	-	-	-	-
Community Development	-	-	3,449	485,656	-	-
Library	-	-	-	-	-	-
Capital Outlay:						
Capital projects	-	-	369,663	25,560	3,722,507	-
Debt service:						
Principal retirement	283,784	2,406,923	-	-	-	-
Interest and fiscal charges	558,314	786,391	-	-	-	-
Total Expenditures	842,098	3,193,314	373,112	511,216	3,722,507	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(821,827)	(3,193,314)	1,721,742	(511,216)	(1,314,472)	100,000
OTHER FINANCING SOURCES (USES)						
Transfers in	824,900	3,213,558	-	212,409	-	-
Transfers (out)	-	-	(68,364)	-	-	(100,000)
Total Other Financing Sources (Uses)	824,900	3,213,558	(68,364)	212,409	-	(100,000)
Change in fund balances before extraordinary items	3,073	20,244	1,653,378	(298,807)	(1,314,472)	-
Net change in fund balances	3,073	20,244	1,653,378	(298,807)	(1,314,472)	-
Fund balances (deficits)- beginning	851,141	4	18,656,909	(7,352)	1,858,646	-
Fund balances (deficits)- ending	\$ 854,214	\$ 20,248	\$ 20,310,287	\$ (306,159)	\$ 544,174	\$ -

CAPITAL PROJECTS FUNDS		PERMANENT FUND		Total Nonmajor Governmental Funds
Other Capital Projects	Street Fund	Doolan Canyon Endowment		
\$ -	\$ -	\$ -	\$ -	3,249,753
-	-	-	-	9,950,513
-	-	-	-	3,461,497
694,974	-	-	-	7,772,236
7,948	21,138	36,719	-	1,704,949
-	-	-	-	1,006,297
<u>702,922</u>	<u>21,138</u>	<u>36,719</u>		<u>27,145,245</u>
-	-	-	-	144,435
-	-	-	-	163,848
-	-	-	-	17,590
-	-	-	-	1,394,069
-	-	-	-	3,809,511
-	750,000	21,065	-	17,872,696
-	-	-	-	77,864
6,677,736	-	-	-	13,719,351
-	-	-	-	2,817,102
-	-	-	-	1,400,431
<u>6,677,736</u>	<u>750,000</u>	<u>21,065</u>		<u>41,416,897</u>
<u>(5,974,814)</u>	<u>(728,862)</u>	<u>15,654</u>		<u>(14,271,652)</u>
-	-	15,610	-	4,842,565
-	-	-	-	(1,102,607)
-	-	15,610	-	3,739,958
<u>(5,974,814)</u>	<u>(728,862)</u>	<u>31,264</u>		<u>(10,531,694)</u>
(5,974,814)	(728,862)	31,264		(10,531,694)
22,233,291	1,260,236	506,525		96,093,781
<u>\$ 16,258,477</u>	<u>\$ 531,374</u>	<u>\$ 537,789</u>	<u>\$</u>	<u>85,562,087</u>

**BUDGETED NON-MAJOR FUNDS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	HOUSING & COMMUNITY ASSISTANCE			HORIZONS		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Taxes and special assessments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	734,732	687,267	(47,465)
Contributions from outside sources	-	-	-	78,500	52,555	(25,945)
Charges for services	-	-	-	5,000	4,513	(487)
Use of money and property	20,300	26,066	5,766	-	-	-
Miscellaneous	52,000	81,387	29,387	3,175	3,434	259
Total Revenues	72,300	107,453	35,153	821,407	747,769	(73,638)
EXPENDITURES						
Current:						
General Government:						
City Council	-	-	-	-	-	-
City Manager	-	-	-	-	-	-
Police	-	-	-	1,277,044	1,079,037	198,007
Public works	-	-	-	-	-	-
Community Development	63,300	51,732	11,568	-	-	-
Capital Outlay:						
Capital projects	-	-	-	49,500	-	49,500
Debt service:						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total Expenditures	63,300	51,732	11,568	1,326,544	1,079,037	247,507
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	9,000	55,721	46,721	(505,137)	(331,268)	173,869
OTHER FINANCING SOURCES (USES)						
Debt Proceeds	-	-	-	-	-	-
Transfers in	-	-	-	564,305	358,890	(205,415)
Transfers (out)	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	564,305	358,890	(205,415)
Net change in fund balance	\$ 9,000	55,721	\$ 46,721	\$ 59,168	27,622	\$ (31,546)
Fund balances (deficits)- beginning		1,039,180			(59,166)	
Fund balances (deficits)- ending		\$ 1,094,901			\$ (31,544)	

SOLID WASTE MANAGEMENT			MAINTENANCE DISTRICT			CITY STREET SWEEPING		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$ -	\$ -	\$ -	\$ 3,000,000	\$ 3,249,753	\$ 249,753	\$ -	\$ -	\$ -
353,048	381,776	28,728	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
220,466	306,035	85,569	-	-	-	540,140	540,419	279
1,000	4,740	3,740	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>574,514</u>	<u>692,551</u>	<u>118,037</u>	<u>3,000,000</u>	<u>3,249,753</u>	<u>249,753</u>	<u>540,140</u>	<u>540,419</u>	<u>279</u>
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
670,438	579,304	91,134	2,817,914	2,567,583	250,331	618,573	611,913	6,660
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>670,438</u>	<u>579,304</u>	<u>91,134</u>	<u>2,817,914</u>	<u>2,567,583</u>	<u>250,331</u>	<u>618,573</u>	<u>611,913</u>	<u>6,660</u>
<u>(95,924)</u>	<u>113,247</u>	<u>209,171</u>	<u>182,086</u>	<u>682,170</u>	<u>500,084</u>	<u>(78,433)</u>	<u>(71,494)</u>	<u>6,939</u>
-	-	-	-	-	-	-	-	-
-	-	-	221,384	217,198	(4,186)	-	-	-
-	-	-	(203,000)	(189,097)	13,903	-	-	-
-	-	-	18,384	28,101	9,717	-	-	-
<u>\$ (95,924)</u>	<u>113,247</u>	<u>\$ 209,171</u>	<u>\$ 200,470</u>	<u>710,271</u>	<u>\$ 509,801</u>	<u>\$ (78,433)</u>	<u>(71,494)</u>	<u>\$ 6,939</u>
	<u>415,001</u>			<u>7,317,125</u>			<u>75,109</u>	
	<u>\$ 528,248</u>			<u>\$ 8,027,396</u>			<u>\$ 3,615</u>	

(Continued)

**BUDGETED NON-MAJOR FUNDS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	PARK FEE			OTHER SPECIAL REVENUE FUNDS		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Taxes and special assessments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-
Contributions from outside sources	-	-	-	9,044	9,044	-
Charges for services	2,632,000	2,779,747	147,747	194,000	164,139	(29,861)
Use of money and property	205,000	480,322	275,322	12,000	36,998	24,998
Miscellaneous	-	-	-	591,400	591,400	-
Total Revenues	2,837,000	3,260,069	423,069	806,444	801,581	(4,863)
EXPENDITURES						
Current:						
General Government:						
City Council	-	-	-	-	-	-
City Manager	-	-	-	-	-	-
Police	-	-	-	-	-	-
Public works	-	-	-	-	-	-
Community Development	10,060,000	8,738,589	1,321,411	103,600	69,771	33,829
Capital Outlay:						
Capital projects	370,000	239,806	130,194	68,700	25,193	43,507
Debt service:						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total Expenditures	10,430,000	8,978,395	1,451,605	172,300	94,964	77,336
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	(7,593,000)	(5,718,326)	1,874,674	634,144	706,617	72,473
OTHER FINANCING SOURCES (USES)						
Debt Proceeds	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers (out)	-	-	-	(7,200)	(22,938)	(15,738)
Total Other Financing Sources (Uses)	-	-	-	(7,200)	(22,938)	(15,738)
Net change in fund balance	\$ (7,593,000)	(5,718,326)	\$ 1,874,674	\$ 626,944	683,679	\$ 56,735
Fund balances (deficits)- beginning		17,219,580			4,904,205	
Fund balances (deficits)- ending		<u>\$ 11,501,254</u>			<u>\$ 5,587,884</u>	

PEG			TRANSPORTATION FUNDS			GAS TAX		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	3,627,000	3,833,915	206,915	3,206,500	3,505,473	298,973
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	271	271
-	-	-	76,000	192,162	116,162	3,000	99,388	96,388
250,000	204,940	(45,060)	-	-	-	-	-	-
250,000	204,940	(45,060)	3,703,000	4,026,077	323,077	3,209,500	3,605,132	395,632
-	-	-	-	-	-	-	-	-
161,411	163,848	(2,437)	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	11,965	812	11,153	-	-	-
-	-	-	3,792,530	3,285,289	507,241	2,478,392	2,721,183	(242,791)
846,000	787,000	59,000	365,000	209,246	155,754	1,544,500	1,474,383	70,117
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
1,007,411	950,848	56,563	4,169,495	3,495,347	674,148	4,022,892	4,195,566	(172,674)
(757,411)	(745,908)	11,503	(466,495)	530,730	997,225	(813,392)	(590,434)	222,958
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	(806,000)	(212,409)	593,591	(903,774)	(70,279)	833,495
-	-	-	(806,000)	(212,409)	593,591	(903,774)	(70,279)	833,495
<u>\$ (757,411)</u>	<u>(745,908)</u>	<u>\$ 11,503</u>	<u>\$ (1,272,495)</u>	<u>318,321</u>	<u>\$ 1,590,816</u>	<u>\$ (1,717,166)</u>	<u>(660,713)</u>	<u>\$ 1,056,453</u>
	1,408,691			6,964,953			5,454,132	
	<u>\$ 662,783</u>			<u>\$ 7,283,274</u>			<u>\$ 4,793,419</u>	

(Continued)

**BUDGETED NON-MAJOR FUNDS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	HOST COMMUNITY IMPACT FEE			OTHER IMPACT FEE		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Taxes and special assessments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-
Contributions from outside sources	424,274	639,720	-	-	160,750	160,750
Charges for services	-	-	-	1,318,302	1,316,235	(2,067)
Use of money and property	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Total Revenues	424,274	639,720	215,446	1,318,302	1,476,985	158,683
EXPENDITURES						
Current:						
General Government:						
City Council	-	-	-	-	-	-
City Manager	-	-	-	-	-	-
Police	-	-	-	-	-	-
Public works	51,110	24,991	26,119	-	-	-
Community Development	-	-	-	1,559,030	1,115,933	443,097
Capital Outlay:						
Capital projects	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total Expenditures	51,110	24,991	26,119	1,559,030	1,115,933	443,097
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	373,164	614,729	241,565	(240,728)	361,052	601,780
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers (out)	(351,529)	(320,667)	30,862	(214,413)	(1,216)	213,197
Total Other Financing Sources (Uses)	(351,529)	(320,667)	30,862	(214,413)	(1,216)	213,197
Net change in fund balance	\$ 21,635	294,062	\$ 272,427	\$ (455,141)	359,836	\$ 814,977
Fund balances (deficits)- beginning		579,541			33,561	
Fund balances (deficits)- ending		\$ 873,603			\$ 393,397	

TVTC 20% FEE			STATE, AND FEDERAL GRANTS			LCPFA 2011 COP DEBT SERVICE		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	2,465,483	1,542,082	(923,401)	-	-	-
-	-	-	124,000	105,662	(18,338)	-	-	-
319,000	384,771	65,771	33,030	51,680	18,650	-	-	-
31,000	80,066	49,066	79,624	119,460	39,836	16,000	20,271	4,271
-	-	-	99,572	125,136	25,564	-	-	-
<u>350,000</u>	<u>464,837</u>	<u>114,837</u>	<u>2,801,709</u>	<u>1,944,020</u>	<u>(857,689)</u>	<u>16,000</u>	<u>20,271</u>	<u>4,271</u>
-	-	-	160,000	144,435	15,565	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	468,853	315,032	153,821	-	-	-
-	-	-	24,350	24,908	(558)	-	-	-
80,000	55,487	24,513	860,103	574,542	285,561	-	-	-
-	-	-	562,886	188,257	374,629	-	-	-
-	-	-	126,395	126,395	-	283,784	283,784	-
-	-	-	55,568	55,726	(158)	558,314	558,314	-
<u>80,000</u>	<u>55,487</u>	<u>24,513</u>	<u>2,384,761</u>	<u>1,524,749</u>	<u>860,012</u>	<u>842,098</u>	<u>842,098</u>	<u>-</u>
<u>270,000</u>	<u>409,350</u>	<u>139,350</u>	<u>416,948</u>	<u>419,271</u>	<u>2,323</u>	<u>(826,098)</u>	<u>(821,827)</u>	<u>4,271</u>
-	-	-	-	-	-	-	-	-
-	-	-	48,225	-	(48,225)	826,097	824,900	(1,197)
(45,000)	-	45,000	(107,978)	(117,637)	(9,659)	-	-	-
<u>(45,000)</u>	<u>-</u>	<u>45,000</u>	<u>(59,753)</u>	<u>(117,637)</u>	<u>(57,884)</u>	<u>826,097</u>	<u>824,900</u>	<u>(1,197)</u>
<u>\$ 225,000</u>	<u>409,350</u>	<u>\$ 184,350</u>	<u>\$ 357,195</u>	<u>301,634</u>	<u>\$ (55,561)</u>	<u>\$ (1)</u>	<u>3,073</u>	<u>\$ 3,074</u>
	<u>2,509,353</u>			<u>2,873,116</u>			<u>851,141</u>	
	<u>\$ 2,918,703</u>			<u>\$ 3,174,750</u>			<u>\$ 854,214</u>	

(Continued)

**BUDGETED NON-MAJOR FUNDS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

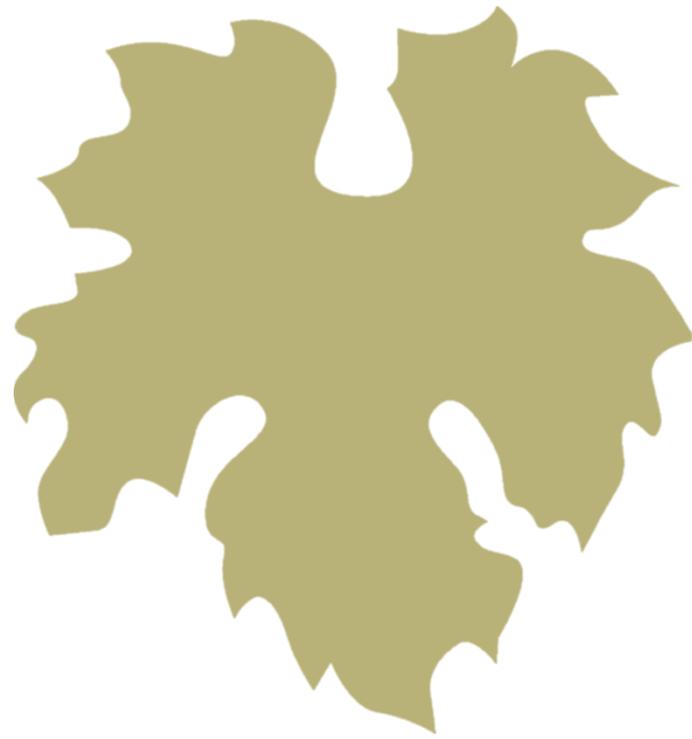
	2014 COP DEBT SERVICE			TRAFFIC IMPACT FEE		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Taxes and special assessments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-
Contributions from outside sources	-	-	-	-	-	-
Charges for services	-	-	-	2,355,000	1,515,183	(839,817)
Use of money and property	-	-	-	229,000	579,671	350,671
Miscellaneous	-	-	-	-	-	-
Total Revenues	-	-	-	2,584,000	2,094,854	(489,146)
EXPENDITURES						
Current:						
General Government:						
City Council	-	-	-	-	-	-
City Manager	-	-	-	-	-	-
Police	-	-	-	-	-	-
Public works	-	-	-	-	-	-
Community Development	-	-	-	175,000	3,449	171,551
Capital Outlay:						
Capital projects	-	-	-	2,423,583	369,663	2,053,920
Debt service:						
Principal	2,649,026	2,406,923	242,103	-	-	-
Interest and fiscal charges	980,935	786,391	194,544	-	-	-
Total Expenditures	3,629,961	3,193,314	436,647	2,598,583	373,112	2,225,471
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	(3,629,961)	(3,193,314)	436,647	(14,583)	1,721,742	1,736,325
OTHER FINANCING SOURCES (USES)						
Debt Proceeds	-	-	-	-	-	-
Transfers in	3,629,961	3,213,558	(416,403)	-	-	-
Transfers (out)	-	-	-	(256,463)	(68,364)	188,099
Total Other Financing Sources (Uses)	3,629,961	3,213,558	(416,403)	(256,463)	(68,364)	188,099
Net change in fund balance	\$ -	20,244	\$ 20,244	\$ (271,046)	1,653,378	\$ 1,924,424
Fund balances (deficits)- beginning		4			18,656,909	
Fund balances (deficits)- ending		\$ 20,248			\$ 20,310,287	

ISABEL AVENUE			EL CHARRO SPECIFIC PLAN			DEVELOPER DEPOSITS		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-
-	-	-	2,393,766	2,393,766	-	100,000	100,000	-
-	-	-	50,000	14,269	(35,731)	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	2,443,766	2,408,035	(35,731)	100,000	100,000	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	485,656	(485,656)	-	-	-	-	-	-
761,000	25,560	735,440	4,302,411	3,722,507	579,904	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
761,000	511,216	249,784	4,302,411	3,722,507	579,904	-	-	-
(761,000)	(511,216)	249,784	(1,858,645)	(1,314,472)	544,173	100,000	100,000	-
-	-	-	-	-	-	-	-	-
768,352	212,409	(555,943)	2,196,723	-	(2,196,723)	-	-	-
-	-	-	(2,196,723)	-	2,196,723	-	(100,000)	(100,000)
768,352	212,409	(555,943)	-	-	-	-	(100,000)	(100,000)
<u>\$ 7,352</u>	<u>(298,807)</u>	<u>\$ (306,159)</u>	<u>\$ (1,858,645)</u>	<u>(1,314,472)</u>	<u>\$ 544,173</u>	-	-	-
	<u>(7,352)</u>			<u>1,858,646</u>		-	-	-
	<u>\$ (306,159)</u>			<u>\$ 544,174</u>		<u>\$ -</u>	<u>-</u>	<u>-</u>

(Continued)

BUDGETED NON-MAJOR FUNDS SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL FOR THE FISCAL YEAR ENDED JUNE 30, 2019						
	OTHER CAPITAL PROJECTS			STREET FUND		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Taxes and special assessments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-
Contributions from outside sources	-	-	-	-	-	-
Charges for services	695,000	694,974	(26)	-	-	-
Use of money and property	7,900	7,948	48	10,000	21,138	11,138
Miscellaneous	-	-	-	-	-	-
Total Revenues	702,900	702,922	22	10,000	21,138	11,138
EXPENDITURES						
Current:						
General Government:						
City Council	-	-	-	-	-	-
City Manager	-	-	-	-	-	-
Police	-	-	-	-	-	-
Public works	-	-	-	-	-	-
Community Development	1,815,000	-	1,815,000	750,000	750,000	-
Capital Outlay:						
Capital projects	6,194,657	6,677,736	(483,079)	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total Expenditures	8,009,657	6,677,736	1,331,921	750,000	750,000	-
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	(7,306,757)	(5,974,814)	1,331,943	(740,000)	(728,862)	11,138
OTHER FINANCING SOURCES (USES)						
Debt Proceeds	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-	-
Net change in fund balance	<u>\$ (7,306,757)</u>	(5,974,814)	<u>\$ 1,331,943</u>	<u>\$ (740,000)</u>	(728,862)	<u>\$ 11,138</u>
Fund balances (deficits)- beginning		22,233,291			1,260,236	
Fund balances (deficits)- ending		<u>\$ 16,258,477</u>			<u>\$ 531,374</u>	

DOOLAN CANYON ENDWOMENT FUND		
Budget	Actual	Variance Positive (Negative)
\$ -	\$ -	\$ -
-	-	-
-	-	-
-	-	-
-	36,719	36,719
-	-	-
-	36,719	36,719
-	-	-
-	-	-
-	-	-
7,200	21,065	(13,865)
-	-	-
-	-	-
-	-	-
7,200	21,065	(13,865)
(7,200)	15,654	22,854
-	-	-
7,200	15,610	8,410
-	-	-
7,200	15,610	8,410
<u>\$ -</u>	<u>31,264</u>	<u>\$ 31,264</u>
	506,525	
	<u>\$ 537,789</u>	



INTERNAL SERVICE FUNDS

Internal service funds are used to account for the financing of services and supplies provided by one city department to another on a cost reimbursement basis.

The concept of major funds introduced by GASB 34 does not extend to internal service funds because they do not do business with outside parties. GASB 34 requires that for the Statement of Activities, the net revenues or expenses of each internal service fund be eliminated by netting against the operations of the other city departments which generated them. The remaining balance sheet items are consolidated with these same funds in the Statement of Net Position.

However, internal service funds are still presented separately in the Fund financial statements, including the funds below:

LIABILITY INSURANCE RESERVE

Established to account for the City's public liability self-insured program.

WORKERS COMPENSATION

Established to account for the City's self-insured workers compensation program.

FLEET AND EQUIPMENT SERVICES

Established to account for the maintenance and acquisition of the City's fleet and small equipment.

INFORMATION TECHNOLOGY

Established to account for the maintenance and acquisition of the City's software and hardware.

FACILITIES REHABILITATION PROJECTS

Established to account for the repair and maintenance of city facilities.

INTERNAL SERVICE FUNDS COMBINING STATEMENT OF NET POSITION JUNE 30, 2019			
	Liability Insurance Reserve	Workers Compensation	Fleet and Equipment Services
ASSETS			
Current Assets:			
Cash and investments in City Treasury	\$ 3,777,353	\$ 9,371,589	\$ 5,326,287
Accounts receivable (net of applicable allowance for uncollectibles)	147,376	-	113,536
Inventory	-	-	282,676
Prepays, deposits and supplies	-	-	-
Total current assets	<u>3,924,729</u>	<u>9,371,589</u>	<u>5,722,499</u>
Noncurrent Assets:			
Construction in progress	-	-	53,381
Depreciable capital assets (net of depreciation)	-	-	6,011,325
Total noncurrent assets	<u>-</u>	<u>-</u>	<u>6,064,706</u>
Total Assets	<u>3,924,729</u>	<u>9,371,589</u>	<u>11,787,205</u>
DEFERRED OUTFLOWS OF RESOURCES			
Related to pension	66,107	66,968	325,496
Related to OPEB	19,366	7,971	54,269
Total deferred outflows of resources	<u>85,473</u>	<u>74,939</u>	<u>379,765</u>
LIABILITIES			
Current Liabilities:			
Accounts payable and other accruals	70,325	70,156	90,349
Accrued payroll	5,062	5,073	20,869
Claims payable	530,000	870,000	-
Deposits payable	-	-	-
Long-term debt:			
Due within one year	-	-	-
Total current liabilities	<u>605,387</u>	<u>945,229</u>	<u>111,218</u>
Noncurrent Liabilities:			
Claims payable	3,234,150	5,239,715	-
Net Pension liability	425,337	448,966	1,795,865
Net OPEB liabilities	288,664	118,807	808,908
Long-term debt:			
Due in more than one year	-	-	-
Total noncurrent liabilities	<u>3,948,151</u>	<u>5,807,488</u>	<u>2,604,773</u>
Total liabilities	<u>4,553,538</u>	<u>6,752,717</u>	<u>2,715,991</u>
DEFERRED INFLOWS OF RESOURCES			
Related to pension	13,662	14,293	58,488
Related to OPEB	26,084	10,736	73,094
Total deferred inflows of resources	<u>39,746</u>	<u>25,029</u>	<u>131,582</u>
NET POSITION			
Net Investment in Capital Assets	-	-	6,064,706
Unrestricted	(583,082)	2,668,782	3,254,691
Total Net Position (Deficit)	<u>\$ (583,082)</u>	<u>\$ 2,668,782</u>	<u>\$ 9,319,397</u>

Information Technology	Facilities Rehabilitation Projects	Total
\$ 4,103,524	\$ 8,761,437	\$ 31,340,190
346	106,007	367,265
-	-	282,676
22,427	-	22,427
<u>4,126,297</u>	<u>8,867,444</u>	<u>32,012,558</u>
-	41,434	94,815
798,623	10,142,530	16,952,478
<u>798,623</u>	<u>10,183,964</u>	<u>17,047,293</u>
<u>4,924,920</u>	<u>19,051,408</u>	<u>49,059,851</u>
368,975	106,233	933,779
62,271	14,353	158,230
<u>431,246</u>	<u>120,586</u>	<u>1,092,009</u>
31,075	412,608	674,513
27,481	8,049	66,534
-	-	1,400,000
-	58,499	58,499
-	625,970	625,970
<u>58,556</u>	<u>1,105,126</u>	<u>2,825,516</u>
-	-	8,473,865
2,347,228	693,141	5,710,537
928,179	213,945	2,358,503
-	7,563,146	7,563,146
<u>3,275,407</u>	<u>8,470,232</u>	<u>24,106,051</u>
<u>3,333,963</u>	<u>9,575,358</u>	<u>26,931,567</u>
75,520	22,042	184,005
83,872	19,332	213,118
<u>159,392</u>	<u>41,374</u>	<u>397,123</u>
798,623	1,994,848	8,858,177
1,064,188	7,560,414	13,964,993
<u>\$ 1,862,811</u>	<u>\$ 9,555,262</u>	<u>\$ 22,823,170</u>

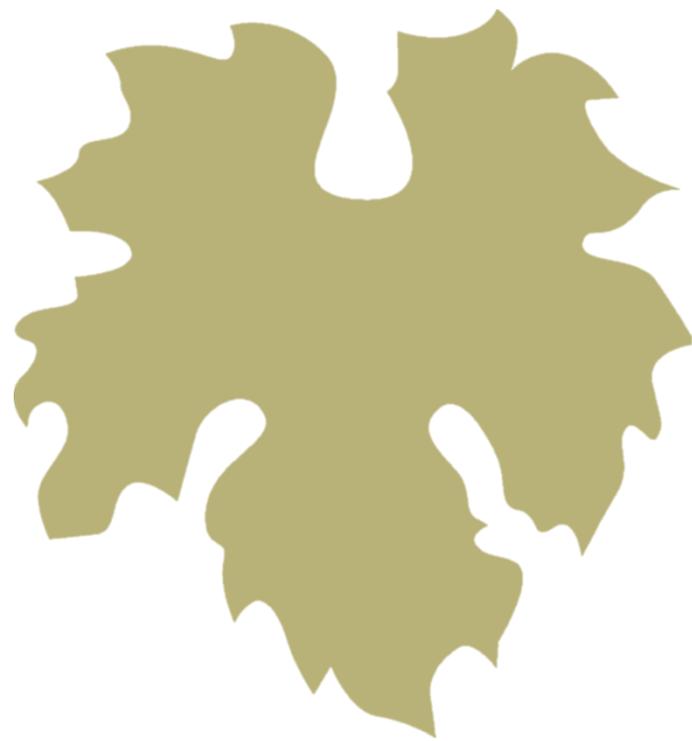
INTERNAL SERVICE FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
JUNE 30, 2019

	Liability Insurance Reserve	Workers Compensation	Fleet and Equipment Services
OPERATING REVENUES			
Charges for services	\$ 4,470,000	\$ 3,381,393	\$ 3,993,458
Miscellaneous	-	90,909	416,610
Total Operating Revenues	<u>4,470,000</u>	<u>3,472,302</u>	<u>4,410,068</u>
OPERATING EXPENSES			
Salaries and benefits	334,362	350,672	1,269,861
Contracted services	745,698	116,446	31,247
Insurance premiums	790,443	412,662	107,959
Materials, supplies and others	773,413	58,726	661,541
Utilities	1,907	1,080	95
Depreciation	-	-	1,104,676
Repairs and maintenance	1,762	-	441,515
Claims expense	<u>2,111,625</u>	<u>514,046</u>	<u>-</u>
Total Operating Expenses	<u>4,759,210</u>	<u>1,453,632</u>	<u>3,616,894</u>
Operating Income (Loss)	<u>(289,210)</u>	<u>2,018,670</u>	<u>793,174</u>
NONOPERATING REVENUE (EXPENSES)			
Interest and fiscal charges (expense)	-	-	-
Other Nonoperating Income (expenses)	-	-	26,429
Gain (loss) on disposal of surplus property	<u>-</u>	<u>-</u>	<u>(6,628)</u>
Net Nonoperating Revenues (Expenses)	<u>-</u>	<u>-</u>	<u>19,801</u>
Income (Loss) Before Transfers	<u>(289,210)</u>	<u>2,018,670</u>	<u>812,975</u>
Change in Net Position	(289,210)	2,018,670	812,975
Net position-beginning (Deficit)	<u>(293,872)</u>	<u>650,112</u>	<u>8,506,422</u>
Net position-ending (Deficit)	<u>\$ (583,082)</u>	<u>\$ 2,668,782</u>	<u>\$ 9,319,397</u>

Information Technology	Facilities Rehabilitation Projects	Total
\$ 1,946,759	\$ 3,662,305	\$ 17,453,915
-	75,161	582,680
1,946,759	3,737,466	18,036,595
1,911,834	557,988	4,424,717
615,290	46,501	1,555,182
76,526	85,047	1,472,637
138,821	36,344	1,668,845
87,508	323,752	414,342
446,210	430,342	1,981,228
472,522	1,662,447	2,578,246
-	-	2,625,671
3,748,711	3,142,421	16,720,868
(1,801,952)	595,045	1,315,727
(8,138)	(220,695)	(228,833)
-	-	26,429
-	-	(6,628)
(8,138)	(220,695)	(209,032)
(1,810,090)	374,350	1,106,695
(1,810,090)	374,350	1,106,695
3,672,901	9,180,912	21,716,475
\$ 1,862,811	\$ 9,555,262	\$ 22,823,170

INTERNAL SERVICE FUNDS COMBINING STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2019			
	Liability Insurance Reserve	Workers Compensation	Fleet and Equipment Services
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 4,322,624	\$ 3,472,302	\$ 4,454,698
Payments to suppliers	(2,401,521)	(846,344)	(1,190,952)
Payments to or on behalf of employees	(302,361)	(296,624)	(1,299,344)
Claims paid	(811,625)	(728,766)	-
Net cash provided (used) by operating activities	<u>807,117</u>	<u>1,600,568</u>	<u>1,964,402</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Capital asset additions, net	-	-	(489,487)
Long term Debt			
Repayments	-	-	-
Interest paid	-	-	-
Cash Flows (used for) Capital and Related Financing Activities	<u>-</u>	<u>-</u>	<u>(489,487)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment income (loss)	-	-	26,429
Cash Flow from (used by) Investing Activities	<u>-</u>	<u>-</u>	<u>26,429</u>
Net Cash Flows	807,117	1,600,568	1,501,344
Cash and investments at beginning of period	<u>2,970,236</u>	<u>7,771,021</u>	<u>3,824,943</u>
Cash and Investment at end of period	<u>\$ 3,777,353</u>	<u>\$ 9,371,589</u>	<u>\$ 5,326,287</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income	\$ (289,210)	\$ 2,018,670	\$ 793,174
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	-	-	1,104,676
Change in assets and liabilities:			
Accounts receivable	(147,376)	-	44,630
Prepays, deposits and supplies	-	-	(5,514)
Deferred outflows	14,221	23,607	119,347
Net pension liability	(8,113)	13,830	(175,405)
Net OPEB liabilities	(7,372)	(2,779)	(70,724)
Accounts payable and accrued liabilities	(88,298)	(257,430)	55,189
Accrued payroll	1,533	941	-
Claims payable	1,300,000	(214,720)	-
Deferred inflows	31,732	18,449	99,029
Net cash provided (used) by operating activities	<u>\$ 807,117</u>	<u>\$ 1,600,568</u>	<u>\$ 1,964,402</u>
Non-cash transactions:			
Loss on disposal	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (6,628)</u>

Information Technology	Facilities Rehabilitation Projects	Total
\$ 1,946,413	\$ 3,804,247	\$ 18,000,284
(1,448,258)	(1,800,037)	(7,687,112)
(1,644,093)	(490,132)	(4,032,554)
-	-	(1,540,391)
<u>(1,145,938)</u>	<u>1,514,078</u>	<u>4,740,227</u>
(106,167)	(11,209)	(606,863)
(312,610)	(650,422)	(963,032)
<u>(12,502)</u>	<u>(220,695)</u>	<u>(233,197)</u>
<u>(431,279)</u>	<u>(882,326)</u>	<u>(1,803,092)</u>
-	-	26,429
-	-	26,429
(1,577,217)	631,752	2,963,564
<u>5,680,741</u>	<u>8,129,685</u>	<u>28,376,626</u>
<u>\$ 4,103,524</u>	<u>\$ 8,761,437</u>	<u>\$ 31,340,190</u>
\$ (1,801,952)	\$ 595,045	\$ 1,315,727
446,210	430,342	1,981,228
(346)	8,282	(94,810)
20,316	58,499	73,301
127,203	34,487	318,865
(66,537)	25,994	(210,231)
84,454	(23,244)	(19,665)
(76,764)	353,812	(13,491)
-	-	2,474
-	-	1,085,280
<u>121,478</u>	<u>30,861</u>	<u>301,549</u>
<u>\$ (1,145,938)</u>	<u>\$ 1,514,078</u>	<u>\$ 4,740,227</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ (6,628)</u>



AGENCY FUNDS

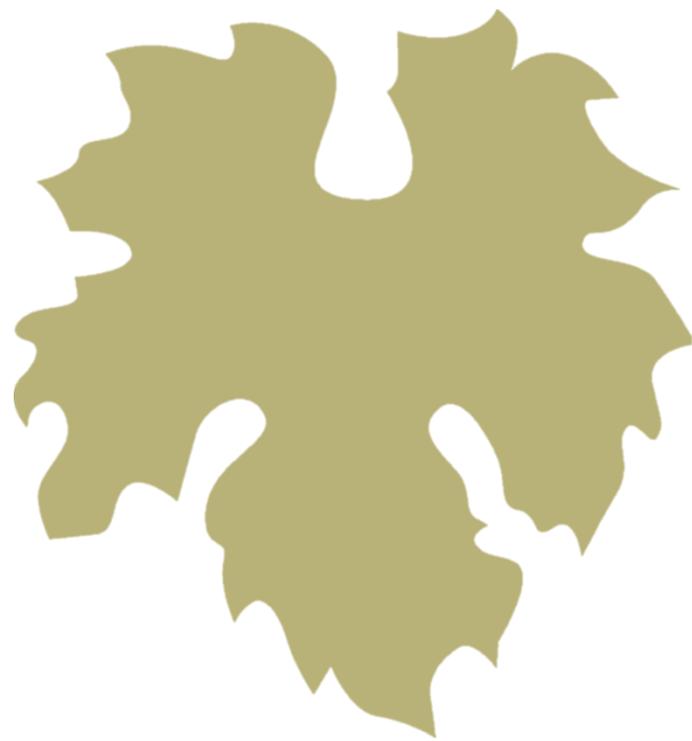
Agency funds are used to account for assets held by the City for other entities and individuals. Such funds are operated to carry out the specific actions of trust agreements, ordinances, and other governing regulations.

GASB 34 requires that Agency funds of the City have to be presented separately from the Government-wide and Fund financial statements.

Agency Funds are custodial in nature and do not involve measurement of results of operations.

AGENCY FUNDS STATEMENT OF CHANGES IN ASSETS AND LIABILITIES FOR THE YEAR ENDED JUNE 30, 2019				
Assessment Districts	Balance June 30, 2018	Additions	Deductions	Balance June 30, 2019
Cash and investments in City Treasury	\$ 13,748,408	\$ 23,457,179	\$ 22,620,631	\$ 14,584,956
Cash and investments with Trustees	2,412,067	4,150,718	4,217,334	2,345,451
Total Assets	\$ 16,160,475	\$ 27,607,897	\$ 26,837,965	\$ 16,930,407
Due to special assessment districts and other agencies	\$ 16,160,475	\$ 27,607,897	\$ 26,837,965	\$ 16,930,407
Total Liabilities	\$ 16,160,475	\$ 27,607,897	\$ 26,837,965	\$ 16,930,407

STATISTICAL
SECTION



STATISTICAL SECTION

This part of the City of Livermore’s comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government’s overall financial health.

Contents		Page
Financial Trends	These schedules contain trend information to help the reader understand how the government’s financial performance and well-being have changed over time.	164-170
Revenue Capacity	These schedules contain information to help the reader assess the government’s two most significant local revenue sources- the sales tax and property tax.	171-177
Debt Capacity	These schedules present information to help the reader assess the affordability of the government’s current levels of outstanding debt and the government’s ability to issue additional debt in future.	178-180
Demographic and Economic Information	These schedules offer demographic and economic indicators to help the reader understand the environment within which the government’s financial activities take place.	181-183
Operating Information	These schedules contain service and infrastructure data to help the reader understand how the information in the government’s financial report relates to the services the government provides and the activities it performs.	184-190

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

Net Position by Component Last Ten Fiscal Years (accrual basis of accounting)										
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental activities										
Net investment in capital assets	\$ 247,622,010	\$ 256,841,094	\$ 259,362,430	\$ 278,093,595	\$ 278,670,042	\$ 282,932,408	\$ 286,589,221	\$ 288,382,796	\$ 290,283,699	\$ 308,461,598
Restricted	36,876,447	44,347,993	16,216,462	22,454,139	34,034,587	61,824,573	78,250,270	76,320,882	92,305,699	81,561,447
Unrestricted	59,380,258	45,313,990	62,557,722	42,670,999	33,575,365	(59,176,525)	(36,129,816)	(20,113,778)	(31,158,732)	(28,940,594)
Total governmental activities net position	\$ 343,878,715	\$ 346,503,077	\$ 338,136,614	\$ 343,218,733	\$ 346,279,994	\$ 285,580,456	\$ 328,709,675	\$ 344,589,900	\$ 351,430,666	\$ 361,082,451
Business-type activities										
Net investment in capital assets	\$ 151,382,695	\$ 146,291,681	\$ 144,761,509	\$ 144,486,932	\$ 140,571,723	\$ 141,163,645	\$ 137,068,262	\$ 139,333,158	\$ 141,811,387	\$ 132,533,193
Unrestricted	75,692,306	76,526,861	92,361,887	93,219,127	97,792,547	91,680,464	96,819,619	94,747,853	102,114,754	113,918,054
Total business-type activities net position	\$ 227,075,001	\$ 222,818,542	\$ 237,123,396	\$ 237,706,059	\$ 238,364,270	\$ 232,844,109	\$ 233,887,881	\$ 234,081,011	\$ 243,926,141	\$ 246,451,247
Primary government										
Net investment in capital assets	\$ 399,004,705	\$ 403,132,775	\$ 404,123,939	\$ 422,580,527	\$ 419,241,765	\$ 424,096,053	\$ 423,657,483	\$ 427,715,954	\$ 432,095,086	\$ 440,994,791
Restricted	36,876,447	44,347,993	16,216,462	22,454,139	34,034,587	61,824,573	78,250,270	76,320,882	92,305,699	81,561,447
Unrestricted	135,072,564	121,840,851	154,919,609	135,890,126	131,367,912	32,503,939	60,689,803	74,634,075	70,956,022	84,977,460
Total primary government net position	\$ 570,953,716	\$ 569,321,619	\$ 575,260,010	\$ 580,924,792	\$ 584,644,264	\$ 518,424,565	\$ 562,597,556	\$ 578,670,911	\$ 595,356,807	\$ 607,533,698

Changes in Net Position Last Ten Fiscal Years (accrual basis of accounting)										
	2010	2011	2012	2013	2014	2015	2016	2017 *	2018	2019
Expenses										
Governmental activities:										
City Council	\$ 194,011	\$ 334,125	\$ 203,749	\$ 323,432	\$ 320,564	\$ 319,910	\$ 305,501	\$ 320,856	\$ 317,658	\$ 311,985
City Manager	1,388,553	1,073,768	1,481,798	1,239,792	1,725,290	1,681,436	1,649,663	1,662,729	1,933,419	2,160,058
City Attorney	1,407,435	1,335,953	1,395,340	1,450,572	1,240,671	1,267,491	1,476,535	1,596,579	1,328,032	1,648,089
City Clerk	782,255	642,275	984,762	552,708	649,652	753,436	674,295	-	-	-
Administrative Services	7,420,574	7,231,414	12,744,494	3,205,106	3,692,795	3,612,507	3,602,398	4,941,962	4,982,681	5,616,900
General Services	-	-	-	9,897,780	4,960,595	4,245,719	3,724,700	2,991,868	7,167,712	8,882,653
Fire	16,021,939	15,079,053	15,840,299	15,044,679	15,368,561	16,665,396	17,222,099	23,553,737	25,472,063	20,854,960
Police	27,618,963	26,196,950	27,883,362	31,441,958	31,092,970	30,516,594	29,624,394	32,703,145	36,741,948	37,862,170
Public Works	26,941,951	14,266,864	14,963,662	14,161,650	14,383,488	14,363,304	14,985,937	18,116,391	19,060,229	19,290,328
Community Development	17,571,503	25,826,186	24,172,190	26,867,068	23,528,766	15,711,525	27,302,011	22,044,584	20,012,366	36,444,392
Economic Development	-	-	-	-	-	-	-	2,353,896	2,165,309	2,820,265
Library	5,769,155	5,306,974	5,784,086	4,906,056	5,052,341	4,863,723	4,886,840	5,858,998	6,214,109	6,341,564
Redevelopment	6,521,339	2,996,523	1,422,996	-	-	-	-	-	-	-
Interest on long term debt	3,687,012	4,038,829	2,463,121	2,886,993	1,142,866	1,288,881	1,033,661	1,266,179	1,270,061	1,397,328
Total governmental activities expenses	115,324,690	104,328,914	109,339,859	111,977,794	103,158,559	95,289,922	106,488,034	117,410,924	126,665,587	143,630,692
Business-type activities:										
Airport	4,687,217	4,953,877	5,597,645	8,098,139	6,336,579	5,637,480	3,870,139	7,017,908	3,016,304	3,504,956
Water	10,334,594	10,549,515	11,514,203	11,860,758	11,408,389	9,907,976	10,996,708	13,884,791	14,701,669	15,934,857
Sewer	21,153,183	22,617,181	22,467,214	25,582,473	21,614,437	23,005,606	25,293,809	24,879,897	21,824,590	24,081,018
Stormwater	-	-	-	-	-	-	-	-	4,572,368	6,215,290
Las Positas	2,357,436	2,253,488	2,517,171	2,631,759	3,492,698	3,331,686	3,204,730	2,935,020	3,025,888	1,986,853
Springtown	249,921	103,861	26,660	16,568	38,399	32,171	105,030	-	-	-
Total business-type activities expenses	38,782,351	40,477,922	42,122,893	48,189,697	42,890,502	41,914,919	43,470,416	48,717,616	47,140,819	51,722,974
Total primary government expenses	\$ 154,107,041	\$ 144,806,836	\$ 151,462,752	\$ 160,167,491	\$ 146,049,061	\$ 137,204,841	\$ 149,958,450	\$ 166,128,540	\$ 173,806,406	\$ 195,353,666

* Starting fiscal year 2017, City Clerk is presented as a part of Administrative Services
 * Starting fiscal year 2018, Stormwater is presented separately from Sewer

(Continued)

Changes in Net Position Last Ten Fiscal Years (accrual basis of accounting)										
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Program Revenues										
Governmental activities:										
Charges for services:										
General Government	\$ -	\$ 504	\$ -	\$ 125,000	\$ 774,339	\$ 1,083,813	\$ 855,888	\$ 1,534,690	2,009,308	1,598,885
Fire	1,321,707	1,123,373	1,189,918	1,254,438	1,714,973	1,634,534	1,822,267	1,813,604	2,560,405	767,507
Police	1,617,225	1,538,616	1,373,008	1,239,236	1,340,240	1,600,551	1,718,669	1,596,383	1,866,310	1,936,452
Public Works	71,680	-	128,206	311,393	178,263	205,163	220,715	253,942	214,104	319,336
Community Development	5,295,134	4,982,719	6,346,285	8,076,312	10,414,752	14,881,608	19,070,042	13,679,642	12,374,344	8,685,435
Economic Development	-	-	-	-	-	-	-	-	-	-
Library	144,754	143,899	139,104	150,179	147,543	121,244	113,218	109,423	106,819	102,007
Redevelopment	7,375	-	-	-	-	-	-	-	-	-
Operating grants and contributions	15,694,092	10,890,656	8,304,359	10,614,625	9,665,802	19,882,483	14,034,381	10,152,472	17,851,251	14,944,050
Capital grants and contributions	28,953,008	16,689,112	46,991,639	18,349,337	8,435,777	20,161,044	21,329,334	10,968,620	22,984,924	11,646,318
Total governmental activities program revenues	53,104,975	35,368,879	64,472,519	40,120,520	32,671,689	59,570,440	59,164,514	40,108,776	59,967,465	39,999,990
Business-type activities:										
Charges for services:										
Airport	4,774,584	5,170,897	6,976,531	7,609,923	6,925,128	6,166,771	4,671,643	3,989,363	3,638,327	3,949,727
Water	10,684,724	10,232,383	11,357,357	13,083,389	12,523,886	13,211,780	12,567,619	13,790,365	15,088,661	14,871,772
Sewer	19,465,218	18,749,866	18,553,327	18,474,750	18,822,193	20,401,801	22,853,237	20,438,612	21,391,758	22,944,348
Stormwater	-	-	-	-	-	-	-	-	1,112,473	1,136,319
Las Positas	2,087,472	2,004,170	1,932,811	2,957,505	3,259,879	3,087,554	3,016,898	2,636,577	2,733,407	1,628,472
Springtown	74,186	2,998	12,010	6,000	11,392	6,173	3,694	-	-	-
Operating grants and contributions	-	-	-	-	-	-	-	3,079,962	199,428	643,541
Capital grants and contributions	1,429,816	204,049	1,366,499	6,663,795	2,120,480	2,691,864	50,450	4,269,465	7,025,848	7,342,209
Total business-type activities program revenues	38,516,000	36,364,363	40,198,535	48,795,362	43,662,958	45,565,943	43,163,541	48,204,344	51,189,902	52,516,388
Total primary government program revenues	\$ 91,620,975	\$ 71,733,242	\$ 104,671,054	\$ 88,915,882	\$ 76,334,647	\$ 105,136,383	\$ 102,328,055	\$ 88,313,120	\$ 111,157,367	\$ 92,516,378
Net (Expense) Revenue										
Governmental activities	\$ (62,219,715)	\$ (68,960,035)	\$ (44,867,340)	\$ (71,857,274)	\$ (70,486,870)	\$ (35,719,482)	\$ (47,323,520)	\$ (77,302,148)	\$ (66,698,122)	\$ (103,630,702)
Business-type activities	(266,351)	(4,113,559)	(1,924,358)	605,665	772,456	3,651,024	(306,875)	(513,272)	4,049,083	793,414
Total primary government net expenses	\$ (62,486,066)	\$ (73,073,594)	\$ (46,791,698)	\$ (71,251,609)	\$ (69,714,414)	\$ (32,068,458)	\$ (47,630,395)	\$ (77,815,420)	\$ (62,649,039)	\$ (102,837,288)

(Continued)

Changes in Net Position Last Ten Fiscal Years (accrual basis of accounting)										
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes:										
Property taxes	\$ 23,836,857	\$ 22,994,297	\$ 25,228,218	\$ 24,340,228	\$ 24,721,318	\$ 26,379,108	\$ 28,340,602	\$ 30,494,247	32,960,384	35,577,827
Incremental property taxes	4,683,913	4,718,558	-	-	-	-	-	-	-	-
Sales taxes	13,789,658	16,734,417	20,761,599	23,711,235	25,159,952	27,278,151	29,932,022	30,684,026	32,346,374	35,556,493
Other taxes	9,532,433	9,086,835	9,811,089	11,466,048	11,859,580	13,587,065	15,204,335	15,429,188	17,211,775	16,895,027
Intergovernmental	6,017,347	6,055,422	5,633,766	5,893,271	6,055,370	6,506,780	6,964,071	7,411,648	7,897,068	8,417,344
Investment income	4,380,108	2,658,756	2,399,333	1,458,335	1,336,195	952,239	1,782,742	757,516	1,295,887	6,928,825
Miscellaneous	8,205,664	8,163,851	8,070,519	7,723,668	7,366,432	8,313,221	8,430,147	8,608,485	6,655,867	5,508,154
Change of value from investment in JPA	-	-	-	-	-	-	-	-	-	(1,354,554)
Transfers (net)	176,477	142,900	230,147	175,216	328,427	(4,258,088)	(201,180)	(202,737)	(12,507,742)	3,794,799
Assets transferred to/liabilities assumed by Successor Agency	-	-	25,136,863	(1,704,483)	-	-	-	-	-	-
Total governmental activities	70,622,457	70,555,036	97,271,534	73,063,518	76,827,274	78,758,476	90,452,739	93,182,373	85,859,613	111,323,915
Business-type activities:										
Interest and other income	-	-	-	-	281,708	388,004	1,034,225	293,279	711,495	4,250,989
Transfers (net)	(2,578,127)	(142,900)	(230,147)	(175,216)	(328,427)	4,258,088	201,180	202,737	12,507,742	(3,794,799)
Change in value of Investment in JPA	-	-	6,021,144	152,214	(232,754)	39,878	115,242	210,386	329,595	1,275,502
Total business-type activities	(2,578,127)	(142,900)	5,790,997	(23,002)	(561,181)	4,685,970	1,350,647	706,402	13,548,832	1,731,692
Total primary government activities	\$ 68,044,330	\$ 70,412,136	\$ 103,062,531	\$ 73,040,516	\$ 76,266,093	\$ 83,444,446	\$ 91,803,386	\$ 93,888,775	\$ 99,408,445	\$ 113,055,607
Change in Net Position										
Governmental activities	\$ 8,402,742	\$ 1,595,001	\$ 52,404,194	\$ 1,206,244	\$ 6,340,404	\$ 43,038,994	\$ 43,129,219	\$ 15,880,225	\$ 19,161,491	\$ 7,693,213
Business-type activities	(2,844,478)	(4,256,459)	3,866,639	582,663	211,275	8,336,994	1,043,772	193,130	17,597,915	2,525,106
Total primary government	\$ 5,558,264	\$ (2,661,458)	\$ 56,270,833	\$ 1,788,907	\$ 6,551,679	\$ 51,375,988	\$ 44,172,991	\$ 16,073,355	\$ 36,759,406	\$ 10,218,319

Fund Balances of Governmental Funds Last Ten Fiscal Years (modified accrual basis of accounting)										
	2010	2011 ⁽¹⁾	2012	2013	2014	2015	2016	2017	2018	2019
General Fund										
Reserved	\$ 9,938,622	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	17,556,081	-	-	-	-	-	-	-	-	-
Nonspendable	-	9,577,624	5,262,813	6,832,287	6,317,781	5,423,421	5,220,875	5,191,768	6,911,157	5,712,441
Committed	-	-	11,500,000	12,003,511	12,548,889	12,897,711	13,980,181	14,534,792	15,689,514	15,954,446
Assigned	-	-	5,349,482	8,002,341	8,365,926	8,598,474	16,490,551	17,891,417	20,120,563	22,359,001
Unassigned	-	16,347,474	1,134,242	3,229,530	5,050,960	10,406,034	11,447,929	16,850,333	20,197,806	21,015,747
Total general fund	\$ 27,494,703	\$ 25,925,098	\$ 23,246,537	\$ 30,067,669	\$ 32,283,556	\$ 37,325,640	\$ 47,139,536	\$ 54,468,310	\$ 62,919,040	\$ 65,041,635
All Other Governmental Funds										
Reserved	\$ 40,439,937	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	23,419,657	-	-	-	-	-	-	-	-	-
Capital projects funds	(4,754,936)	-	-	-	-	-	-	-	-	-
Nonspendable	-	17,711	-	-	57,439,026	4,000	-	3,580	510,525	540,789
Restricted	-	52,011,467	63,995,900	58,524,301	-	82,222,196	106,877,672	117,117,738	122,335,628	107,752,207
Committed	-	-	-	545,378	-	-	-	-	980,960	1,583,505
Assigned	-	10,214,639	-	363,585	-	-	-	-	-	-
Unassigned	-	(5,421,592)	(5,709,086)	(3,229,530)	(1,230,719)	(548)	-	(157,775)	(66,518)	(337,703)
Total all other governmental funds	\$ 59,104,658	\$ 56,822,225	\$ 58,286,814	\$ 56,203,734	\$ 56,208,307	\$ 82,225,648	\$ 106,877,672	\$ 116,963,543	\$ 123,760,595	\$ 109,538,798

Note:

(1) GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions," was implemented in FY 10-11.

Changes In Fund Balances of Governmental Funds										
Last Ten Fiscal Years										
(modified accrual basis of accounting)										
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues										
Property Taxes and special assessments	\$ 34,915,370	\$ 32,812,183	\$ 37,723,715	\$ 38,391,028	\$ 39,047,027	\$ 42,437,878	\$ 46,106,890	\$ 48,513,433	\$ 52,797,891	\$ 55,378,923
Sales taxes	13,789,658	16,734,417	20,761,599	23,711,235	25,159,952	27,278,151	29,932,022	30,684,026	32,346,374	35,556,493
Property tax increment	4,683,913	3,774,846	-	-	-	-	-	-	-	-
Licenses and permits	1,794,011	1,608,187	2,006,311	2,782,819	2,020,956	2,919,585	3,375,139	2,587,073	3,329,443	2,647,472
Intergovernmental	38,302,229	27,296,610	53,725,198	20,525,065	14,523,429	17,513,836	15,818,812	15,329,383	18,609,342	19,663,932
Contributions from outside sources	3,830,471	981,826	1,162,859	532,899	3,090,683	6,407,835	1,492,046	3,360,435	12,763,436	3,668,666
Fines and forfeitures	711,616	648,231	465,263	353,754	442,101	474,279	404,562	382,735	472,063	522,198
Charges for current services	10,437,987	13,638,435	14,169,779	18,826,809	18,937,543	34,250,853	39,071,843	23,669,667	25,413,665	15,988,594
Use of money and property	6,079,077	3,275,127	2,754,238	1,634,027	3,444,283	3,573,515	5,106,185	3,718,382	4,594,593	12,607,413
Miscellaneous	2,105,144	3,428,938	3,122,175	7,422,435	1,568,992	7,731,071	8,218,597	2,754,329	4,344,239	1,820,316
Total revenues	116,649,476	104,198,800	135,891,137	114,180,071	108,234,966	142,587,003	149,526,096	130,999,463	154,671,046	147,854,007
Expenditures										
General government	10,673,814	10,268,916	16,311,189	12,528,286	13,440,473	13,981,528	14,343,118	13,531,789	13,631,535	15,040,356
Fire	14,841,732	13,970,849	14,214,342	14,505,466	15,293,516	16,392,361	17,593,133	18,160,089	19,742,654	21,484,772
Police	25,886,143	24,514,993	25,979,732	27,091,180	30,000,873	32,114,470	31,248,269	32,611,631	35,474,413	37,991,489
Public Works	7,029,100	6,030,850	6,282,113	5,766,027	6,259,095	6,479,506	7,125,447	9,801,590	10,649,264	10,858,274
Community Development	19,953,029	18,160,406	16,606,896	30,608,371	22,660,129	23,177,157	26,435,968	22,366,625	26,613,789	41,744,030
Economic Development	-	-	-	-	-	-	-	2,355,266	2,169,717	2,815,442
Library	4,805,004	4,393,096	4,735,732	4,232,678	4,369,666	4,455,160	4,540,660	5,287,778	5,639,115	5,665,784
Redevelopment	5,447,063	2,272,062	996,524	-	-	-	-	-	-	-
Capital outlay	35,032,838	26,369,541	41,750,672	13,800,868	5,641,979	18,897,678	6,211,698	4,065,706	9,106,715	20,651,425
Debt service funds:										
Principal	3,435,934	4,377,745	3,663,583	8,583,683	8,445,369	4,703,788	5,597,905	3,908,648	3,274,972	2,817,102
Interest and fiscal charges	3,605,510	3,990,127	2,463,121	1,554,416	1,414,883	1,872,291	1,555,850	1,292,959	1,274,238	1,400,431
Total Expenditures	130,710,167	114,348,585	133,003,904	118,670,975	107,525,983	122,073,939	114,652,048	113,382,081	127,576,412	160,469,105
Excess of Revenues over (under) expenditures	\$ (14,060,691)	\$ (10,149,785)	\$ 2,887,233	\$ (4,490,904)	\$ 708,983	\$ 20,513,064	\$ 34,874,048	\$ 17,617,382	\$ 27,094,634	\$ (12,615,098)

(Continued)

Changes In Fund Balances of Governmental Funds										
Last Ten Fiscal Years										
(modified accrual basis of accounting)										
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Other Financing Sources (Uses)										
Assets transferred to/liabilities assumed by Successor Agency	\$ -	\$ -	\$ (6,520,981)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Proceeds from long term debt	-	13,046,596	-	5,964,051	-	49,776,268	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-	(39,411,268)	-	-	-	-
Premium received on TRANS	219,750	-	-	-	-	-	-	-	-	-
Transfers in	23,678,625	42,937,756	33,309,856	22,350,922	11,632,939	58,411,053	8,915,955	8,774,169	8,914,189	5,744,041
Transfers out	(22,502,148)	(49,686,605)	(33,079,709)	(22,154,575)	(11,449,012)	(58,229,692)	(9,324,083)	(8,976,906)	(20,951,304)	(7,186,717)
Total other financing sources (uses)	1,396,227	6,297,747	(6,290,834)	6,160,398	183,927	10,546,361	(408,128)	(202,737)	(12,037,115)	(1,442,676)
Net change in fund balances	<u>\$ (12,664,464)</u>	<u>\$ (3,852,038)</u>	<u>\$ (3,403,601)</u>	<u>\$ 1,669,494</u>	<u>\$ 892,910</u>	<u>\$ 31,059,425</u>	<u>\$ 34,465,920</u>	<u>\$ 17,414,645</u>	<u>\$ 15,057,519</u>	<u>\$ (14,057,774)</u>
Debt service as a percentage of noncapital expenditures	6.6%	8.8%	6.4%	9.7%	9.7%	6.4%	6.6%	4.8%	3.8%	3.0%

TAXABLE SALES BY CATEGORY * LAST TEN CALENDAR YEARS (In hundreds)										
Business Type	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Apparel Stores	\$ 10,057	\$ 10,901	\$ 13,137	\$ 70,065	\$ 258,928	\$ 289,470	\$ 373,560	\$ 463,365	\$ 480,133	\$ 517,215
General Merchandise	182,698	188,105	198,819	220,494	237,148	239,851	237,289	237,449	248,386	256,781
Food Stores	39,624	39,049	39,048	40,687	41,679	41,783	43,382	44,062	44,271	43,356
Eating and Drinking Places	107,040	112,618	119,357	132,668	148,870	162,950	176,615	191,538	199,009	211,179
Building Materials	131,061	124,400	134,167	144,905	171,923	175,532	205,853	216,858	236,065	256,293
Auto Dealers and Supplies	148,854	177,507	208,278	231,180	286,602	388,826	445,105	452,621	467,967	471,243
Service Stations	126,120	142,007	182,611	204,243	199,835	192,485	161,128	150,598	168,514	199,957
Other Retail Stores	130,334	130,355	132,829	147,841	179,194	190,594	207,156	217,101	224,925	223,021
All Other Outlets	723,112	662,163	752,602	816,179	896,069	917,472	937,912	1,010,718	1,210,159	1,258,158
Total	\$ 1,598,901	\$ 1,587,105	\$ 1,780,848	\$ 2,008,262	\$ 2,420,249	\$ 2,598,962	\$ 2,788,000	\$ 2,984,309	\$ 3,279,430	\$ 3,437,204

Source: The HdL Companies

* The amounts reported are based on adjusted sales tax values and might fluctuate from what was reported the previous year.

Direct and Overlapping Sales Tax Rates Last Ten Fiscal Years (In Percentage)										
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
City Direct Rate	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
State General Fund	6.00%	6.00%	3.94% (a)	4.19% (b)	4.19%	4.19%	4.19%	3.94% (d)	3.94%	3.94%
Public Safety (Prop 172)	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%
Countywide Transportation Fund	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%
Realignment 1991	0.50%	0.50%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
County Realignment (Mental Health/ Welfare/ Public Safety)	0.00%	0.00%	1.56%	1.56%	1.56%	1.56%	1.56%	1.56%	1.56%	1.56%
BART in Alameda County	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%
Alameda County Transportation Commission (ACTC)- Measure B	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%
Alameda County Essential Healthcare Services Transactions and Use Tax (ACHC)	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%
Alameda County Transportation Commission (ACTC)- Measure BB	0.00%	0.00%	0.00%	0.00%	0.00%	0.50% (c)	0.50% (c)	0.50%	0.50%	0.50%
Total Rate	9.75%	9.75%	8.75%	9.00%	9.00%	9.50%	9.50%	9.25%	9.25%	9.25%

(a) On July 1, 2011 the State Rate reduced by 2.06%

(b) On January 1, 2013 the State Rate increased by 0.25%

(c) On April 1, 2015 ACTC (Measure BB) was added at .5%

(d) On January 1, 2017 the State rate was reduced by .25%

Principal Sales Tax Payers Current Year and Nine Years Ago In Alphabetical Order	
2019	2010
AMS Net	7 Eleven
Coach	AMS Net
Costco	Costco
Gillig	F Rodgers
Gucci	Harris Rebar
Home Depot	Home Depot
JA Momaney Services	JA Momaney Services
Livermore Ford Livermore Lincoln	Jifco
Livermore Honda	Kaiser Pharmacy
Livermore Toyota & Scion	Kohls
Lowes	Livermore Ford Livermore Lincoln
Michael Kors	Livermore Honda
Mobile Modular Management	Lowes
Porsche Livermore	Lucky
Quick Stop Market	Macpherson Western Tool Supply
Safeway	Mobile Modular Management
Safeway Fuel	Owens & Minor Distribution
Target	Quick Stop Market
Tommy Hilfiger	Safeway
Tory Burch	Safeway Fuel
Toyota Material Handling	Siemens Metering
US Foodservice	Target
Veritiv Operating Company	US Foodservice
Walmart	Walmart
Waxies	Waxies

Source: HdL Company

Assessed Value and Estimated Actual Value of Taxable Property Last Ten Fiscal Years					
Fiscal Year	Common Property	Public Utility	Unsecured Valuation	Total Taxable Assessed Valuation	Total Direct Tax Rate*
2009-2010	12,647,832,001	17,094,558	655,633,860	13,320,560,419	1.00%
2010-2011	12,644,996,632	16,763,636	597,043,398	13,258,803,666	1.00%
2011-2012	12,677,885,472	16,667,214	621,343,226	13,315,895,912	1.00%
2012-2013	12,785,579,465	16,652,307	712,651,650	13,514,883,422	1.00%
2013-2014	13,495,749,069	16,534,025	677,891,857	14,190,174,951	1.00%
2014-2015	14,441,874,348	15,920,292	618,857,248	15,076,651,888	1.00%
2015-2016	15,425,274,831	16,125,723	644,740,332	16,086,140,886	1.00%
2016-2017	16,462,710,778	16,036,533	669,293,841	17,148,041,152	1.00%
2017-2018	17,584,794,540	13,149,678	665,835,413	18,263,779,631	1.00%
2018-2019	18,716,232,125	13,261,314	742,728,963	19,472,222,402	1.00%

Note:

In 1978 the voters of the State of California passed Proposition 13 which limited property taxes to a total maximum rate of 1% based upon the assessed value of the property being taxed. Each year, the assessed value of property may be increased by an "inflation factor" (limited to a maximum increase of 2%). With few exceptions, property is only reassessed at the time that it is sold to a new owner. At that point, the new assessed value is reassessed at the purchase price of the property sold. The assessed valuation data shown above represents the only data currently available with respect to the actual market value of taxable property and is subject to the limitations described above.

* Direct tax rate is per \$1,000 of assessed value.

Source: Alameda County Office of the Auditor-Controller.

Direct and Overlapping Governments Property Tax Rates (Rates per \$1,000 of assessed value) Last Ten Fiscal Years										
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Direct Rates:										
City Direct Rate	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
Overlapping Rates (1):										
School District	0.0674	0.0635	0.0627	0.0607	0.0596	0.0497	0.0404	0.0886	0.0803	0.0771
Community College	0.0195	0.0211	0.0214	0.0219	0.0214	0.0217	0.0198	0.0246	0.0445	0.0443
Bay Area Rapid Transit	0.0057	0.0031	0.0041	0.0043	0.0075	0.0045	0.0026	0.0080	0.0084	0.0070
Zone 7 Flood Control	0.0203	0.0250	0.0307	0.0228	0.0257	0.0250	0.0343	0.0333	0.0359	0.0332
Total Direct and Overlapping Rate	1.1129	1.1127	1.1189	1.1097	1.1142	1.1009	1.0971	1.1545	1.1691	1.1616

Source: Alameda County Treasurer and Tax Collector.

Note:

(1) Overlapping rates are those of local and county governments that apply to property owners within the City of Livermore. Not all overlapping rates apply to all property owners. For an overlapping rate to apply, the property has to be located within that district's geographic boundary.

Principal Property Taxpayers Current Year and Nine Years Ago						
Taxpayer	2019			2010		
	Taxable Assessed Value Secured/Unsecured	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value Secured/Unsecured	Rank	Percentage of Total City Taxable Assessed Value
Livermore Premium Outlets LLC	\$ 210,656,899	1	1.10%	\$ -		
Arkay Properties LLC	142,956,676	2	0.75%			
Livermore Oaks Joint Venture LLC	133,279,528	3	0.70%			
Kaiser	115,177,388	4	0.60%	115,748,876	1	0.88%
Raintree Ironwood LLC	77,659,341	5	0.41%			
Comcast	66,746,144	6	0.35%			
Longfellow Logistics Center LLC	66,000,000	7	0.34%			
3055 Livermore Owner LLC	61,383,600	8	0.32%			
Form Factor Inc	56,921,635	9	0.30%	106,891,677	2	0.81%
Valley Care Senior Housing Inc	56,570,773	10	0.30%	57,480,832	3	0.44%
Catellus Development Corporation				46,574,946	4	0.35%
Marathon Drive Buildings LLC				42,681,395	5	0.32%
BNP Paribas Leasing Corporation				40,685,474	6	0.31%
Sutter Health				39,535,500	7	0.30%
PK 1 Plaza 580 SC LP				37,996,445	8	0.29%
Shea Center				37,830,915	9	0.29%
Golden Bears LLC & Ellis Street Property				33,434,803	10	0.25%
	<u>\$ 987,351,984</u>		<u>5.17%</u>	<u>\$558,860,863</u>		<u>4.24%</u>

Source: HdL Company

Property Tax Levies and Collections Last Ten Fiscal Years				
Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Delinquent Tax Collections (Refund)
		Amount	Percentage of Levy	
2010	22,700,528 (a)	22,349,795	98.45%	1,223,384 (b)
2011	22,010,309 (a)	22,002,899	99.97%	768,381 (b)
2012	22,301,891 (a)	22,056,236	98.90%	722,949 (b)
2013	23,453,707 (a)	23,241,857	99.10%	439,594 (b)
2014	24,137,249 (a)	23,526,725	97.47%	458,926 (b)
2015	26,171,312 (a)	26,034,522	99.48%	(7,631) (b)
2016	27,839,513 (a)	27,718,828	99.57%	320,482 (b)
2017	29,014,829 (a)	28,341,709	97.68%	321,785 (b)
2018	31,087,296 (a)	30,559,069	98.30%	338,288 (b)
2019	33,273,066 (a)	32,570,581	97.89%	533,453 (b)

Source: Alameda County Office of the Auditor-Controller and City of Livermore Finance Division

(a) Taxes Levied include secured, unsecured, and estimated unitary tax.

Tax levies are net of payments for

- Educational Revenue Augmentation Fund.
- Redevelopment agencies for the fiscal years 2005-06 through 2011-12
- Redevelopment Property Tax Trust Fund (RPTTF) payments beginning from Fiscal year 2012-13.

(b) Alameda County does not provide delinquent tax collection data by levy year, so the amounts shown in the delinquent tax collections column include delinquency collections for all prior years that were remitted to the City in each fiscal year.

Ratios of Outstanding Debt by Type Last Ten Fiscal Years										
Fiscal Year	Governmental Activities			Business-Type Activities			Total Primary Government	Percentage of Personal Income ⁽¹⁾	Per Capita	
	Certificates of Participation	Notes & Loans Payable	Capital Lease	Certificates of Participation	Revenue Loans	State Loan				Capital Lease
2010	\$ 58,391,056	\$ 11,252,339	\$ -	\$ 12,238,944	\$ -	\$ 3,128,887	\$ -	\$ 117,636,226	4.2%	\$ 1,379
2011	66,660,156	9,912,339	-	18,154,844	-	2,377,641	-	128,939,980	3.7%	1,578
2012	64,060,573	9,717,339	-	17,349,427	-	1,606,113	-	92,733,452	5.2%	1,125
2013	61,481,383	10,167,572	13,470,406	16,566,456	-	813,753	481,818	102,981,388	4.8%	1,236
2014	58,367,644	4,803,697	12,654,274	15,589,104	-	-	847,354	92,262,073	5.9%	1,075
2015	64,032,534	3,970,233	11,668,003	15,348,123	-	-	740,467	95,759,358	6.6%	1,100
2016	60,193,384	2,566,738	11,330,801	14,186,182	-	-	619,257	88,896,362	5.5%	1,009
2017	56,386,950	2,440,343	10,300,691	13,003,050	-	-	512,946	82,643,980	7.5%	922
2018	53,758,606	1,793,715	9,152,150	12,336,394	-	-	392,972	77,433,837	8.5%	847
2019	54,295,394	1,667,320	8,189,116	8,429,606	-	-	321,293	72,902,729	9.8%	801

Note: Details regarding the city's outstanding debt can be found in the footnotes.

⁽¹⁾ Personal income is income for Alameda County.

Direct and Overlapping Governmental Activities Debt As of June 30, 2019			
City Assessed Valuation, net of exemptions		\$ 19,057,216,765	
Redevelopment Agency Incremental Valuation*		-	
Total Assessed Valuation		\$ 19,057,216,765	
<u>Governmental Unit</u>	<u>Percentage Applicable ⁽¹⁾</u>	<u>Outstanding Debt 6/30/19</u>	<u>Estimated share of Overlapping Debt</u>
Overlapping Debt Repaid with Property Taxes:			
Alameda County		\$ 240,000,000	\$ 15,782,400
Bay Area Rapid Transit District		\$ 809,660,000	\$ 20,532,978
Chabot-Las Positas Community College District		661,410,000	100,825,340
Livermore Valley Joint Unified School District		123,715,000	115,286,297
East Bay Regional Park District		178,710,000	134,033
City of Livermore Community Facilities District No. 99-1	100.000%	13,135,000	13,135,000
City of Livermore Community Facilities District No. 2009-1 I.A. No. 1	100.000%	18,164,941	18,164,941
City of Livermore Community Facilities District No. 2009-1 I.A. No. 2	100.000%	4,611,053	4,611,053
City of Livermore Community Facilities District No. 2009-1 I.A. No. 3	100.000%	2,900,140	2,900,140
City of Livermore Community Facilities District No. 2016-2	100.000%	9,385,000	9,385,000
CA Statewide Communities Development Authority Assessment District Bonds	100.000%	10,516,404	10,516,404
City of Livermore Assessment District No. 2016-2 Pleasant View Annexation	100.000%	964,537	964,537
Total overlapping debt repaid with property taxes		2,073,172,075	312,238,123
Overlapping Other Debt:			
Alameda County Gen. Fund Obligations & Coliseum Authority	6.576%	868,272,500	57,097,600
Tax Increment Debt (Successor Agency)	100.000%	21,035,000	21,035,000
Total overlapping other debt		889,307,500	78,132,600
Total overlapping debt		\$ 2,962,479,575	390,370,723
City direct debt			62,725,000
Total direct and overlapping debt			\$ 453,095,723

Notes:

⁽¹⁾ The percentage of overlapping debt applicable to the city is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the City divided by the district's total taxable assessed value.

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

* Redevelopment Agency was dissolved effective January 31, 2012, in accordance with Assembly Bill 1X 26.

Legal Debt Margin Information
Last Ten Fiscal Years

Legal Debt Margin Calculation for Fiscal Year 2018-19

Common Property Assessed Valuation-Secured Roll	\$ 18,716,232,125
Government Code Sec. 43605 Debt Limit 15% of Assessed Valuation	2,807,434,819
Amount of debt applicable to the limit	-
Legal debt margin	2,807,434,819
Percent of debt limit authorized and issued	0.00%

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Debt limit	\$ 1,897,174,800	\$ 1,896,749,495	\$ 1,901,682,821	\$ 1,917,836,920	\$ 2,024,362,360	\$ 2,166,281,152	\$ 2,313,791,225	\$ 2,469,406,617	\$ 2,637,719,181	\$ 2,807,434,819
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	\$ 1,897,174,800	\$ 1,896,749,495	\$ 1,901,682,821	\$ 1,917,836,920	\$ 2,024,362,360	\$ 2,166,281,152	\$ 2,313,791,225	\$ 2,469,406,617	\$ 2,637,719,181	\$ 2,807,434,819
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Source: City of Livermore Finance Division
Alameda County Office of the Auditor-Controller

Demographic and Economic Statistics Last Ten Calendar Years									
Year	Livermore Population (1)	Per Capita Personal Income Alameda County (2)	Total Personal Income	Unemployment (3)	Median Income (4)			% of US	
					US	Alameda County	Livermore		
2010	80,968	Est. 47,695	3,861,768,760	7.6%	50,046	67,169	95,941	191.7%	
2011	81,898	Est. 50,817	4,161,810,666	6.1%	50,502	67,558	97,047	192.2%	
2012	83,184	Est. 52,811	4,393,030,224	6.2%	51,371	70,500	100,222	195.1%	
2013	84,486	Est. 54,774	4,627,636,164	4.8%	52,250	72,399	91,790	175.7%	
2014	85,819	Est. 58,175	4,992,520,325	4.1%	53,657	77,214	87,815	163.7%	
2015	87,090	Est. 62,926	5,480,225,340	3.1%	55,775	81,717	110,212	197.6%	
2016	88,974	Est. 65,884 ⁽²⁾	5,861,963,016	3.1%	57,617	89,979	111,625	193.7%	
2017	90,454	Est. 65,884 ⁽²⁾	N/A ⁽²⁾	2.9%	60,336	96,296	118,406	196.2%	
2018	91,411	Est. 65,884 ⁽²⁾	N/A ⁽²⁾	2.8%	N/A ⁽⁴⁾	N/A ⁽⁴⁾	N/A ⁽⁴⁾		
2019	91,039	Est. 71,282 ⁽²⁾	N/A ⁽²⁾	2.6%	N/A ⁽⁴⁾	N/A ⁽⁴⁾	N/A ⁽⁴⁾		

Note:

1. Data Source: State of California, Department of Finance
2. Data Source: U.S. Department of Commerce, Bureau of Economic Analysis, Regional Economic Accounts, Local Area Personal Income. County income estimates are not currently available after 2016.
3. Data Source: State of California, Employment Development Department, Labor Market Information - Unemployment Rates
4. Median Household Income. Data Source: American FactFinder, U.S. Census Bureau. Data not currently available

Population Demographics ⁽¹⁾		
Age	Number	Percent of Population
Under 5 years	5,890	6.9%
5 to 9 years	5,548	6.5%
10 to 14 years	5,890	6.9%
15 to 19 years	4,865	5.7%
20 to 24 years	4,951	5.8%
25 to 34 years	11,353	13.3%
35 to 44 years	11,523	13.5%
45 to 54 years	14,255	16.7%
55 to 59 years	6,231	7.3%
60 to 64 years	4,951	5.8%
65 to 74 years	5,719	6.7%
75 to 84 years	2,988	3.5%
85 years and over	1,195	1.4%
Total Population	85,359	100.0%

Note:

(1) Data Source: Livermore Chamber of Commerce
(population estimates for year 2015)

Principal Employers Current Year and Nine Years Ago						
Employer	2019			2010		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Lawrence Livermore National Laboratory	7,300	1	15.41%	N/A	N/A	N/A
Sandia National Laboratories	1,550	2	3.27%	N/A	N/A	N/A
Livermore Valley Joint Unified School District	1,450	3	3.06%	N/A	N/A	N/A
Gillig	980	4	2.07%	N/A	N/A	N/A
Kaiser Permanente	920	5	1.94%	N/A	N/A	N/A
Lam Research	730	6	1.54%	N/A	N/A	N/A
Form Factor	700	7	1.48%	N/A	N/A	N/A
US Foods	699	8	1.48%	N/A	N/A	N/A
Comcast	589	9	1.24%	N/A	N/A	N/A
Wente	550	10	1.16%	N/A	N/A	N/A
			32.65%			

* Not available

Source: City of Livermore Office of Innovation and Economic Development
U.S. Bureau of Labor Statistics

Full-time Equivalent City Government Employees by Function/Program Last Ten Fiscal Years										
Function/Program	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General government										
Administrative Services ^{1,4}	33.28	29.50	30.75	31.50	31.75	31.75	32.50	33.50	35.50	39.25
City Manager ²	5.00	6.00	6.00	6.00	7.00	7.00	7.00	6.00	7.00	7.00
City Attorney	9.50	8.50	8.50	8.00	8.00	8.00	8.50	8.50	8.50	8.50
Police ⁴	148.75	143.25	143.25	140.25	140.75	141.75	141.75	142.75	141.75	145.00
Public Works	55.00	48.60	48.10	42.70	42.70	42.70	41.45	43.80	43.80	45.50
Community Development	78.50	71.50	69.50	64.50	63.50	63.50	63.50	64.50	66.50	66.50
Economic Development ³	4.00	5.00	5.00	3.00	-	-	-	3.00	3.00	3.00
Library	38.13	32.13	32.13	29.00	28.00	28.00	28.00	27.00	27.00	27.00
Airport	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00
Water	15.25	15.25	15.25	15.25	15.00	15.00	15.00	13.75	13.75	10.00
Sewer	46.50	47.50	47.50	47.50	48.50	48.50	48.50	49.50	49.50	49.50
Las Positas Golf Course	1.00	1.50	1.00	0.80	0.80	0.80	0.80	0.70	0.70	-
Total	447.91	421.73	419.98	401.00	398.50	399.50	399.00	401.00	405.00	409.25

Notes:

1. Administrative Services was created in fiscal year 2010 and includes Human Resources, Finance and Information Technology employees. Starting in FY17, includes City Clerk employees. Prior years' data is added to Administrative Services for comparison purposes.
2. Prior to fiscal year 2010, City Manager included Information Technology employees.
3. In fiscal year 2014, Economic Development employees are included in Community Development.
4. Starting in FY18, two police Information Technology employees are included in Administrative Services.

Operating Indicators by Function/Program Last Ten Fiscal Years ⁽¹⁾										
Function/Program	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Police										
Physical arrests	2,781	2,640	2,391	2,537	2,613	2,323	2,781	2,278	3,034	3,502
Parking violations	2,504	1,846	1,433	1,296	1,056	1,613	1,708	2,021	2,269	2,819
Traffic violations	14,099	10,700	9,264	8,635	7,114	6,813	5,142	4,540	5,344	8,620
Fire										
Emergency responses	6,099	5,887	4,607	6,684	6,664	6,777	7,233	7,620	7,539	7,536
Fires extinguished	438	384	239	237	221	192	210	210	227	218
Inspections ⁽¹⁾	1,040 ⁽²⁾	463	623	1,106	453	505	1,195	1,411	1,013	810
Annual fire inspection program	734	573	470	540	529	594	541	624	674	602
Public Works										
Street resurfacing (centerline miles)	3.1	2.5	1.8	12.7	3.8	4.1	3.3	0	0	0
Potholes repaired	430	210	238	204	190	653	504	1,347	969	1,152
Maintenance of Landscaping (acres)	256	263	263	316	316	320	329	330	334	338
Library										
Volumes in collection	263,447	264,734	273,500	262,410	255,333 ⁽⁴⁾	261,818	281,469	276,849	268,154 ⁽⁷⁾	267,319
Total volumes borrowed	1,106,790	1,014,644	941,873	868,861	849,145	777,970	762,939	762,304	753,072	760,960
Water										
New connections	106	23	59	79	32	52	200	232	120	89
Water mains breaks	19	0	2	0	1	1	3	3	0	0
Other water breaks & leaks	23	25	74	20	14	14	18	19	16	30
Average Daily Consumption (millions of gallons)	5.5	3.0	5.9	5.9	5.5	4.2	4.1	4.4	4.8	5.2
Peak daily consumption (millions of gallons)	8.9	9.1	9.1	9.5	9.3	9.1	8.8	9.0	9.5	10.1
Wastewater										
Average daily sewage treatment (millions of gallons)	7.0	6.9	6.8	6.7	6.6	6.1	5.9	5.8	5.8	5.6
New connections	90	107	71	280	190	389	659	311	385	347
Municipal Airport										
Number of tenant aircraft	551	530	516	506	517	508	503	507	512	495
Total landings & takeoffs	123,012	136,851	139,140	143,651	160,733	122,140	121,050	117,834	146,988	156,405
Gallons of fuel pumped	564,269	621,254	643,272	642,239	734,597	644,617	281,288	0 ⁽⁶⁾	0 ⁽⁶⁾	0 ⁽⁶⁾
Las Positas Municipal Golf Course										
Rounds Played	77,749	71,766	66,667	62,733	77,408	69,387	66,711	58,982	61,418	N/A ⁽⁸⁾
Springtown Municipal Golf Course										
Rounds Played	22,033	22,927	24,366	19,583	19,583	N/A ⁽⁵⁾	N/A ⁽⁵⁾	N/A ⁽⁵⁾	N/A ⁽⁵⁾	N/A ⁽⁵⁾

(1) Data is reported on a fiscal year basis.

(2) Method of conducting business changed in FY 10-11.

(3) Data collection method changed in FY 09-10 per Department of Health Services.

(4) In FY 13/14, the City added 28,000 new volumes to the Library Collection, and removed items that were outdated or in poor condition, consequently the overall number decreased.

(5) Springtown Golf Course closed in October 2015. The City Of Livermore has asked the Livermore Area Recreation & Park District to lead the Springtown Open Space Master Plan process.

(6) Starting 11/25/2015, fuel was transitioned to Five Rivers Aviation.

(7) Volume decreased due to removal of outdated materials.

(8) Las Positas Golf Course ceased as an enterprise fund in February 2019. The City Of Livermore has leased the golf course to a private management company.

Source: Various city departments.

Capital Asset Statistics by Function/Program Last Ten Fiscal Years										
Function/Program	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	48	50	51	52	58	57	58	59	63	61
Fire stations	5	5	5	5	5	5	5	5	5	5
Public Works										
Streets (centerline miles)	294	302	303	306.2	306	306	308	306	308	308
Streetlights	7,089	7,120	7,301	7,301	7,382	7,382	7,382	7,500	7,500	7,500
Traffic Signals	101	98	137	103	111	104	105	106	106	106
Enhanced Crosswalks	10	11	11	11	10	11	15	17	17	17
Water										
Water mains (miles)										
Potable water	156	146	146	147	147	148	148	148	151	162
Recycled water	23.1	21.5	21.5	22.5	22.5	21	21	21	21	20.4
Fire hydrants	1,360	1,385	1,385	1,493	1,560	1,487	1,495	1,516	1,548	1,550
Fire hydrants (recycled)	113	113	113	160	160	121	122	122	121	120
Average daily consumption										
Potable water	5.55	3.013	5.939	5.937	5.517	4.199	4.05	4.4	4.8	5.2
Recycled water (millions of gallons)	1.08	1.15	1.27	1.97	1.85	2.04	2.02	1.70	1.84	1.91
Wastewater										
Sanitary sewers (miles)	302.2	303	303	295	295	297	297	297	302	304
Storm sewers (miles)	206.6	207	207	210	210	214	214	214	224	226
Treatment capacity (millions of gallons)	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5
Municipal Airport										
Length of longest runway in feet	5,253	5,253	5,253	5,253	5,253	5,253	5,253	5,253	5,253	5,253
Length of longest taxiway in feet	5,720	5,720	5,720	5,720	5,720	5,720	5,720	5,720	5,720	5,720
Total acreage	644	644	644	644	644	644	644	644	644	644
Number of hangars	393	393	393	393	393	393	393	393	393	393
Las Positas Municipal Golf Course										
Total acreage	205	205	205	195	195	195	195	195	195	195 ⁽²⁾
Length of 18-hole course in yards	6,725	6,677	6,723	6,723	6,723	6,723	6,723	6,723	6,723	6723 ⁽²⁾
Length of 9-hole executive course in yards	2,034	2,034	1,133	1,133	1,133	1,133	1,133	1,133	1,133	1133 ⁽²⁾
Springtown Municipal Golf Course										
Total acreage	90	90	90	90	90	90	90	N/A ⁽¹⁾	N/A ⁽¹⁾	N/A ⁽¹⁾
Length of 9-hole course in yards	2,941	2,941	2,941	2,941	2,941	2,941	2,941	N/A ⁽¹⁾	N/A ⁽¹⁾	N/A ⁽¹⁾

* No data available

Sources: Various city departments.

9/6/12: The 9-hole Executive Course was closed as of July 1, 2011 and re-opened as a 9-hole Par 3 Course on May 17, 2012.

1/24/12: Measurement is in centerline miles.

(1) Springtown Golf Course has closed. The City has asked the Livermore Area Recreation and Park District to lead the Springtown Open Space Master Plan process.

(2) Las Positas Golf Course ceased as an enterprise fund in February 2019. The City Of Livermore has leased the golf course to a private management company.

**Water and Sewer Rates
For Year Ended June 30, 2019**

Customers in the City's Water service area are billed monthly with rates shown below. The rates provided below are those in effect as of August 1, 2019 through June 30, 2019. Residential sewer customers are billed via their property tax bill while the Commercial customers are billed monthly.

The average monthly residential water bill in FY 2018-19 for a customer using 10 CCF of water per month with a 5/8" meter would be \$70.22

Water				Sewer			
	City Service Meter Charge Flat Rate	Alameda County Zone 7 Meter Charge Flat Rate	Total Meter Charge	Residential			
Meter Size (inches)							
5/8" (0.625)	\$ 19.43	\$ 18.76	\$ 38.19				
3/4" (0.75)	24.37	28.14	52.51				
1" with Fire Line	19.43	18.76	38.19				
1"	38.82	46.90	85.72				
1 1/2" Displacement	71.13	93.81	164.94				
1 1/2" Turbine	71.13	112.57	183.70				
2" Displacement	109.92	150.10	260.02				
2" Turbine	109.92	178.24	288.16				
3" Turbine	287.66	408.07	695.73				
4" Turbine	491.26	703.57	1,194.83				
6" Turbine	1,040.65	1,500.95	2,541.60				
8"	1,816.28	2,626.67	4,442.95				
10"	2,721.15	3,940.01	6,661.16				
1" Fire Line	2.40	exempt	2.40				
1 1/2" Fire Line	3.60	exempt	3.60				
2" Fire Line	4.79	exempt	4.79				
3" Fire Line	7.18	exempt	7.18				
4" Fire Line	9.57	exempt	9.57				
6" Fire Line	14.34	exempt	14.34				
8" Fire Line	19.11	exempt	19.11				
10" Fire Line	23.87	exempt	23.87				
				Commercial			
				Billing Type Monthly Charge			
				Single Family per Dwelling Unit \$ 52.67			
				Multi-Family per Dwelling Unit 39.72			
				Billing Type Monthly Charge			
				Fixed Charge: Flat Rate \$21.13			
				Variable Charge: <i>Winter Water Use</i>			
				Billing Type Monthly Charge (Monthly + 10%) ¹			
				Auto Steam Cleaning per 100 Cubic ft. n/a n/a			
				Bakeries per 100 Cubic ft. 7.74 \$ 8.51			
				Commercial Laundries per 100 Cubic ft. 5.02 \$ 5.52			
				Markets per 100 Cubic ft. 7.76 \$ 8.54			
				Mortuaries per 100 Cubic ft. 7.76 \$ 8.54			
				Restaurants per 100 Cubic ft. 7.74 \$ 8.51			
				All Other per 100 Cubic ft. 3.86 \$ 4.25			
				Institutional:			
				Schools per 100 Cubic ft. 3.65 \$ 4.02			
				All Other - Institution per 100 Cubic ft. 3.65 \$ 4.02			

**Water and Sewer Rates
For Year Ended June 30, 2019**

Water	Sewer
-------	-------

Water Usage Cost Per Unit:			
	City Distribution Cost	Zone 7 Wholesale Cost	Total Variable Cost
<i><u>Residential:</u></i>			
Tier 1 (0-7 Units)	1.07	2.01	3.08
Tier 2 (8+ Units)	1.48	2.01	3.49
<i><u>Commercial, Institution, Hydrant (Non-REC) & Public Agency:</u></i>			
All Units	1.15	2.01	3.16
<i>Irrigation</i>			
All Units	1.48	2.01	3.49
<i><u>Recycled Water:</u></i>			
All Units (Non-Demineralized)			2.81

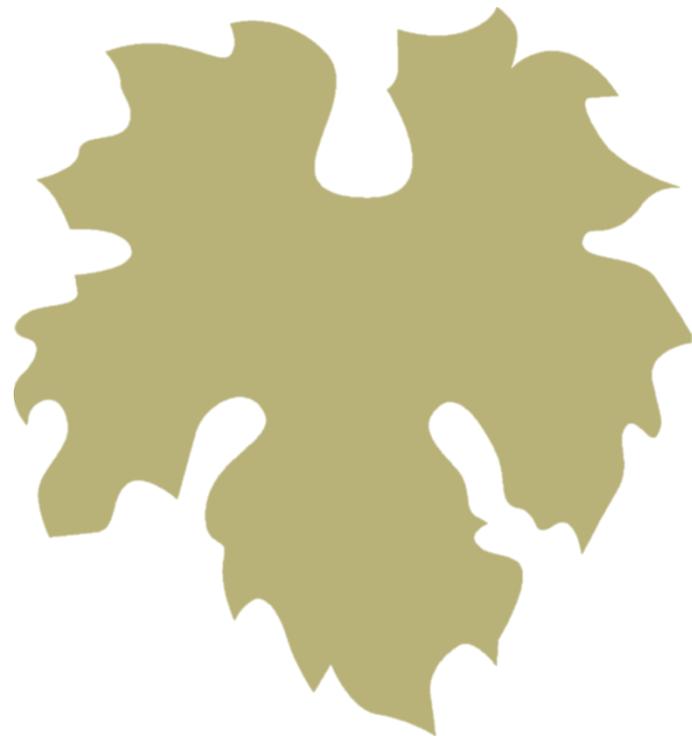
¹ Winter Water Use amount is the average consumption during Winter months multiplied by the Normal Monthly rate with an additional 10% service fee to the normal rate.

SCHEDULE OF INSURANCE AS OF JUNE 30, 2019

COVERAGE	BROKER	COVERAGE	POLICY NO	LIMITS	TERM
General/Auto Liability Primary Layer	City of Livermore - Self Insured Retention		Not applicable	\$500,000 Self Insured Retention.	7/1/18-6/30/19
General/Auto Liability Excess Coverage First Layer	California Joint Powers Risk Management Authority (CJPRMA)	Bodily Injury, Property Damage, Personal Injury, Public Officials Errors & Omissions, Employment Practices, Mold, Sexual Abuse at day care, terrorism, Pollution	2018-2019 MOC	CJPRMA jointly indemnifies members from SIR to \$5M	7/1/18-6/30/19
General/Auto Liability Excess Coverage Second Layer	AON - Munich Re - A.M. Best Rating A++:XV & SCOR RE - A.M. Best Rating A-:XV	Following CJPRMA Memorandum of Coverage	1523763019263/2018	\$20,000,000 per occurrence excess of \$5,000,000 per occurrence retention for Bodily Injury / Property Damage / Personal Injury / Public Officials E&O	7/1/18-6/30/19
General/Auto Liability Excess Coverage Third Layer	Scor Reinsurance Company	Following CJPRMA Memorandum of Coverage	10F148843-2018-1	\$15,000,000 excess of \$25,000,000	7/1/18-6/30/19
Commercial Property	APIP	Real and Personal Property / Business Interruption / Extra Expense / Rental Coverage, Excluding Earthquake and Flood Coverage is on a replacement cost basis. Automatic coverage for new or additional locations.	017471589/05	Primary Property Limit: \$400,000,000 Deductible \$50,000 \$516,951,434 in values	7/1/18-6/30/19
*Boiler and Machinery *this year included in property program	APIP		017471589/05	\$100,000,000	7/1/18-6/30/19
Public Employee Blanket Bond	AON – Great American Insurance Group	Faithful performance, any dishonest act, including forgery, alteration, & theft Covers all employees statutorily required to maintain bonding.	GVT 052-17-78-05-00	Deductible is \$10,000 per loss Coverage is \$500,000 per loss	7/1/18-6/30/19
Airport Liability	AON/Old Republic Insurance Co.	Airport liability / Hangerkeeper's / Advertising / Vehicles / Non-owned aircraft / Fire Legal Liability / Products and Completed Operations / Premises	PR00269701	\$75,000,000 per occurrence with \$0 deductible	7/1/18-6/30/19
Cyber Liability	Beasley	Information security & privacy insurance with electronic media liability coverage	MLN624127.01/2018	\$2,000,000 per member; \$25,000,000 aggregate. Deductible is \$100,000.	7/1/18-6/30/19
Additional Cyber	Alliant-CJPRMA - ACES Cyber Liability through AXIS Ins. Co	City also purchased Excess Cyber: \$3,000,000 per member, \$4,000,000 pool aggregate	MLN624127.01/2018	\$3,000,000 per member, \$4,000,000 pool aggregate	7/1/18-6/30/19
Pollution	Alliant-CJPRMA - Illinois Union Insurance Company	Claims Made and Reported Pollution Liability	PPL G27271054003	\$5,000,000 per occurrence \$25,000,000 aggregate with \$75,000 deductible	7/1/18-6/30/19

SCHEDULE OF INSURANCE AS OF JUNE 30, 2019

COVERAGE	BROKER	COVERAGE	POLICY NO	LIMITS	TERM
Workers' Compensation and Employer Liability Primary Layer	City of Livermore - Self Insured Retention	State Mandated workers' compensation coverage for miscellaneous and safety member employees, including volunteers. Also covers employer liability not covered under statutory workers' compensation coverage.	Not applicable	Self Insured retention of \$500,000	7/1/18-6/30/19
Workers' Compensation and Employer Liability Excess Coverage First Layer	Local Agency Workers' Compensation Excess Joint Powers Authority (LAWCX)	State mandated workers' compensation coverage for miscellaneous and safety member employees, including volunteers. Also covers employer liability not covered under statutory workers' compensation coverage.	2018-2019 MOC	\$5 million in excess of SIR of \$500,000 per claim	7/1/18-6/30/19
Worker's Compensation and Employer Liability Reinsurance and Excess Coverage Second Layer	CSAC-EIA, Reinsurance from ACE American Insurance Co.	State mandated workers' compensation coverage for miscellaneous and safety member employees, including volunteers. Also covers employer liability not covered under statutory workers' compensation coverage.	EIA-PE 18 EWC-32	Statutory limits in excess of \$5 million per claim	7/1/18-6/30/19
Worker's Compensation and Employer Liability Reinsurance and Excess Coverage Third Layer	Liberty Insurance Corporation	State mandated workers' compensation coverage for miscellaneous and safety member employees, including volunteers. Also covers employer liability not covered under statutory workers' compensation coverage.	EW7-641-444785-017	Statutory excess of \$50,000,000	7/1/18-6/30/19
Non-Owned and Hired Automobile Liability Coverage	AON - RLI Transportation	Automobile liability for the use of an employee's personal vehicle and/or a rented vehicle in the performance of City business. Not Primary	CAP9506622	\$500,000 per claim with \$0 deductible	7/1/18-6/30/19
DIC (Difference in Conditions) Earthquake and Flood	AON - ACE: Westchester Surplus Lines Insurance	Property coverage per schedule for damage from Earthquake or Flood as excluded from Property Program.	D3740021A 007	\$5,000,000 per occurrence with \$5,000,000 annual aggregate; deductible is \$25,000 for flood; 10% of the separate insurable value subject to a minimum of \$100,000 per occurrence	7/1/18-6/30/19
DIC (Difference in Conditions) Earthquake and Flood (Excess)	AON - Evanston Insurance Company	Property coverage per schedule for damage from Earthquake or Flood as excluded from Property Program.	MKLV14XP010748	Additional \$10,000,000 coverage	7/1/18-6/30/19
Auto Physical Damage	AON - CJPRMA / Hanover	Auto physical damage coverage for city-owned vehicles with replacement value above \$20,000	IH3 9163180	Per occurrence limit: \$10,000,000 \$10,000 deductible with replacement value as scheduled \$15,285,028 in values	7/1/18-6/30/19
Condominium Coverage	Gene Morgan Insurance - United States Liability Insurance Company	Interior dwelling, personal property, medical and liability coverage for 5 city-owned condominiums	CPS251737421	\$1,000 retention; Limits: \$100,000 interior dwelling; \$5,000 personal property; \$2,000 medical; \$500,000 liability	11/22/18-11/22/19
Fiduciary	AON/Travelers	457 Governmental money purchase plan and trust.	106945404	\$1,000,000 for all claims, \$100,000 for each settlement program notice.	7/1/18-6/30/19



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APPENDIX D

PROPOSED FORMS OF FINAL OPINIONS

2020A CERTIFICATES

June __, 2020

City of Livermore
1052 S. Livermore Ave.
Livermore, CA 94550

OPINION: City of Livermore Refunding Certificates of Participation, Series 2020A
(2014A Refunding) (Qualified 501(c)(3) Certificates)

Members of the City Council:

We have acted as special counsel to the City of Livermore (the "City") in connection with the delivery by the City of the Lease Agreement dated as of June 1, 2020 (the "Lease Agreement") between the Public Property Financing Corporation of California (the "Corporation") as lessor and the City as lessee. Under the Trust Agreement dated as of June 1, 2020 (the "Trust Agreement") among the City, the Corporation and U.S. Bank National Association, as trustee (the "Trustee"), the Trustee has executed and delivered the above-captioned certificates of participation dated the date hereof (the "Certificates"). In such capacity, we have examined such law and such certified proceedings, certifications and other documents as we have deemed necessary to render this opinion.

The Certificates evidence the direct, undivided fractional interests of the owners thereof in lease payments to be made by the City under the Lease Agreement (the "Lease Payments"), which have been assigned by the Corporation to the Trustee. The City authorized execution and delivery of the Lease Agreement, the Trust Agreement and the Certificates pursuant to a resolution of the City Council of the City adopted on May 11, 2020 (the "Resolution").

The City is causing the Certificates to be executed and delivered in order to refinance the outstanding \$9,380,000 initial principal amount City of Livermore Variable Rate Demand Certificates of Participation, Series 2014A (Livermore Valley Performing Arts Center Refunding) (Qualified 501(c)(3) Certificates) (the "2014A Certificates"). The City caused the 2014A Certificates to be executed and delivered in order to provide financing for a \$9,200,000 contribution to the cost of redeeming and retiring revenue bonds issued by the California Statewide Communities Development Authority to provide financing for development of a 500-seat performing arts theater (the "Bankhead Theater") pursuant to a master settlement agreement, dated as of September 22, 2014 (the "Settlement Agreement"), among the City, The Bank of New York Mellon and the Livermore Valley Performing Arts Center ("LVPAC"). The Settlement Agreement resulted in the transfer of the Bankhead Theater to the City, and the City subleased the Bankhead Theater to LVPAC pursuant to a Sublease and Operating Agreement, dated as of September 22, 2014 (the "Sublease"), under which LVPAC agreed to operate the Bankhead Theater and make a rental payment of \$1 per year to the City.

Regarding questions of fact material to our opinion, we have relied on representations of the City contained in the Lease Agreement and the Trust Agreement, and in the certified proceedings and other certifications of public officials furnished to us, without undertaking to verify the same by independent investigation. In addition, in rendering the following opinion we have relied upon the opinion of Carr McClellan PC, counsel to LVPAC ("LVPAC Counsel") that, among other things, LVPAC is an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code") or corresponding provisions of prior law and has received a letter of determination from the Internal Revenue Service to said effect (the "Determination Letter"), the Determination Letter has not been modified, limited or revoked, LVPAC is in compliance with the terms, conditions and limitations of the Determination Letter; and the facts and circumstances of LVPAC that formed the basis of the Determination Letter as represented by LVPAC to the Internal Revenue Service continue substantially in effect, LVPAC is exempt from federal income tax under Section 501(a) of the Code, LVPAC does not have "unrelated business taxable income" within the meaning of section 512 of the Code that would have a material adverse effect on the status of LVPAC as an organization described in Section 501(c)(3) of the Code, and LVPAC will use the Bankhead Theater in a manner that is substantially related to LVPAC's charitable purpose under the Code. We are not opining nor providing assurance concerning Section 513(a) of the Code, and neither we nor LVPAC Counsel can give or has given any opinion or assurance about the future activities of LVPAC, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the resulting changes in enforcement thereof by the Internal Revenue Service (the "IRS"). Failure of LVPAC to be organized and operated in accordance with the IRS's requirements for the maintenance of its status as an organization described in Section 501(c)(3) of the Code or to operate the facilities financed or refinanced by the Certificates in a manner that is substantially related to LVPAC's charitable purpose under Section 513(a) of the Code may result in the portion of the Lease Payments designated as and comprising interest and received by the owners of the Certificates being included in federal gross income, possibly from the date hereof.

Based on the foregoing, we are of the opinion that, under existing law:

1. The City is a duly created and validly existing municipal corporation and general law city with the power to adopt the Resolution, enter into the Lease Agreement and the Trust Agreement, and perform the agreements on its part contained therein.
2. The Lease Agreement and the Trust Agreement have been duly authorized, executed and delivered by the City, and constitute the valid and binding obligations of the City, enforceable against the City.
3. The Certificates have been validly executed and delivered by the Trustee under the Trust Agreement and, by virtue of the assignment made by the Corporation, the owners of the Certificates are entitled to the benefits of the Lease Agreement.
4. The portion of the Lease Payments designated as and comprising interest and received by the owners of the Certificates is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax. The opinions set forth in the preceding sentence are subject to the condition that the City comply with all requirements of the Code, that must be satisfied subsequent to the execution and delivery of the Certificates in order that the interest with respect thereto be, and continue to be, excludable from gross income for federal income tax purposes. The City has made certain representations

and covenants in order to comply with each such requirement. Inaccuracy of those representations, or failure to comply with certain of those covenants, may cause the inclusion of such interest in gross income for federal income tax purposes, which may be retroactive to the date of delivery of the Lease Agreement.

5. The portion of the Lease Payments designated as and comprising interest and received by the owners of the Certificates is exempt from personal income taxation imposed by the State of California.

We express no opinion regarding any other tax consequences arising with respect to the ownership, sale or disposition of, or the amount, accrual or receipt of interest on, the Lease Agreement or the Certificates.

The rights of the owners of the Certificates and the enforceability of the Lease Agreement and the Trust Agreement are limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally, and by equitable principles, whether considered at law or in equity.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur. Our engagement with respect to this matter has terminated as of the date hereof.

Respectfully submitted,

A Professional Law Corporation

2020B CERTIFICATES

June __, 2020

City of Livermore
1052 S. Livermore Ave.
Livermore, CA 94550

OPINION: City of Livermore Refunding Certificates of Participation, Series 2020B
(2011 and 2014B Refundings)

Members of the City Council:

We have acted as special counsel to the City of Livermore (the "City") in connection with the delivery by the City of the Lease Agreement dated as of June 1, 2020 (the "Lease Agreement") between the Public Property Financing Corporation of California (the "Corporation") as lessor and the City as lessee. Under the Trust Agreement dated as of June 1, 2020 (the "Trust Agreement") among the City, the Corporation and U.S. Bank National Association, as trustee (the "Trustee"), the Trustee has executed and delivered the above-captioned certificates of participation dated the date hereof (the "Certificates"). In such capacity, we have examined such law and such certified proceedings, certifications and other documents as we have deemed necessary to render this opinion.

The Certificates evidence the direct, undivided fractional interests of the owners thereof in lease payments to be made by the City under the Lease Agreement (the "Lease Payments"), which have been assigned by the Corporation to the Trustee. The City authorized execution and delivery of the Lease Agreement, the Trust Agreement and the Certificates pursuant to a resolution of the City Council of the City adopted on May 11, 2020 (the "Resolution").

Regarding questions of fact material to our opinion, we have relied on representations of the City contained in the Lease Agreement and the Trust Agreement, and in the certified proceedings and other certifications of public officials furnished to us, without undertaking to verify the same by independent investigation.

Based on the foregoing, we are of the opinion that, under existing law:

1. The City is a duly created and validly existing municipal corporation and general law city with the power to adopt the Resolution, enter into the Lease Agreement and the Trust Agreement, and perform the agreements on its part contained therein.
2. The Lease Agreement and the Trust Agreement have been duly authorized, executed and delivered by the City, and constitute the valid and binding obligations of the City, enforceable against the City.

3. The Certificates have been validly executed and delivered by the Trustee under the Trust Agreement and, by virtue of the assignment made by the Corporation, the owners of the Certificates are entitled to the benefits of the Lease Agreement.

4. The portion of the Lease Payments designated as and comprising interest and received by the owners of the Certificates is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax. The opinions set forth in the preceding sentence are subject to the condition that the City comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the execution and delivery of the Certificates in order that the interest with respect thereto be, and continue to be, excludable from gross income for federal income tax purposes. The City has made certain representations and covenants in order to comply with each such requirement. Inaccuracy of those representations, or failure to comply with certain of those covenants, may cause the inclusion of such interest in gross income for federal income tax purposes, which may be retroactive to the date of delivery of the Lease Agreement.

5. The portion of the Lease Payments designated as and comprising interest and received by the owners of the Certificates is exempt from personal income taxation imposed by the State of California.

We express no opinion regarding any other tax consequences arising with respect to the ownership, sale or disposition of, or the amount, accrual or receipt of interest on, the Lease Agreement or the Certificates.

The rights of the owners of the Certificates and the enforceability of the Lease Agreement and the Trust Agreement are limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally, and by equitable principles, whether considered at law or in equity.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur. Our engagement with respect to this matter has terminated as of the date hereof.

Respectfully submitted,

A Professional Law Corporation

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APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE

\$ _____ *
CITY OF LIVERMORE
Refunding Certificates of Participation, Series 2020A
(2014A Refunding)
(Qualified 501(c)(3) Certificates)

\$ _____ *
CITY OF LIVERMORE
Refunding Certificates of Participation, Series 2020B
(2011 and 2014B Refundings)

This CONTINUING DISCLOSURE CERTIFICATE (this “Disclosure Certificate”) is executed and delivered by the CITY OF LIVERMORE (the “City”) in connection with the execution and delivery of the certificates of participation captioned above (together, the “Certificates”). The Certificates are being executed and delivered pursuant to a Trust Agreement, dated as of June 1, 2020 (the “Trust Agreement”), by and among the City, the Public Property Financing Corporation of California, and U.S. Bank National Association, as trustee.

The City covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the City for the benefit of the holders and beneficial owners of the Certificates and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

Section 2. Definitions. In addition to the definitions set forth above and in the Trust Agreement, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section 2, the following capitalized terms shall have the following meanings:

“Annual Report” means any Annual Report provided by the City pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“Annual Report Date” means the date that is nine months after the end of the City’s fiscal year (currently April 1 based on the City’s fiscal year end of June 30).

“Dissemination Agent” means the City, or any successor Dissemination Agent designated in writing by the City and which has filed with the City a written acceptance of such designation.

“Listed Events” means any of the events listed in Section 5(a) of this Disclosure Certificate.

“MSRB” means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule, or any other repository of disclosure information that may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

“Official Statement” means the final official statement executed by the City in connection with the issuance of the Certificates.

“Participating Underwriter” means Stifel, Nicolaus & Company, Incorporated, the original purchaser of the Certificates required to comply with the Rule in connection with offering of the Certificates.

“Rule” means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as it may be amended from time to time.

Section 3. Provision of Annual Reports.

(a) The City shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing April 1, 2021, with the report for the 2019-20 fiscal year, provide to the MSRB, in an electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than 15 Business Days prior to the Annual Report Date, the City shall provide the Annual Report to the Dissemination Agent (if other than the City). If by 15 Business Days prior to the Annual Report Date the Dissemination Agent (if other than the City) has not received a copy of the Annual Report, the Dissemination Agent shall contact the City to determine if the City is in compliance with the previous sentence. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the City may be submitted separately from the balance of the Annual Report, and later than the Annual Report Date, if not available by that date. If the City’s fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c). The City shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by the City hereunder.

(b) If the City does not provide (or cause the Dissemination Agent to provide) an Annual Report by the Annual Report Date, the City shall, in a timely manner, provide (or cause the Dissemination Agent to provide) to the MSRB, in an electronic format as prescribed by the MSRB, a notice of failure to file an Annual Report.

(c) With respect to each Annual Report, the Dissemination Agent shall:

(i) determine each year prior to the Annual Report Date the then-applicable rules and electronic format prescribed by the MSRB for the filing of annual continuing disclosure reports; and

(ii) if the Dissemination Agent is other than the City, file a report with the City certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, and stating the date it was provided.

Section 4. Content of Annual Reports. The City’s Annual Report shall contain or incorporate by reference the following:

(a) The City’s audited financial statements prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the City’s audited financial statements are not available by the Annual Report Date, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) Unless otherwise provided in the audited financial statements filed on or before the Annual Report Date, financial information and operating data with respect to the City for the preceding fiscal year, substantially similar to that provided in the corresponding tables in the Official Statement:

(i) The adopted budget of the City for the then-current fiscal year, or a summary of budgeted general fund revenues and appropriations for the then-current fiscal year.

(ii) A summary of the aggregate amount of, final maturity date for, and debt service or lease payments for the then-current year with respect to any debt or obligations payable from the City's general fund issued or incurred in the then-current fiscal year (if and to the extent not included in the audited financial statements or adopted budget of the City contained in the City's Annual Report).

(iii) The aggregate assessed valuation of taxable property in the City for the then-current fiscal year and the amount of property taxes delinquent for the prior year (if the County of Alameda is not on the Teeter Plan for that year) if and to the extent not included in the audited financial statements of the City.

(iv) The combined host community impact fees for the most recently completed fiscal year, in the form of the table in the Official Statement under "SECURITY FOR THE CERTIFICATES - Host Community Impact Fees - Historical Combined Host Community Impact Fees."

(c) In addition to any of the information expressly required to be provided under this Disclosure Certificate, the City shall provide such further material information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

(d) Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the City or related public entities, which are available to the public on the MSRB's Internet web site or filed with the Securities and Exchange Commission. The City shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events.

(a) The City shall give, or cause to be given, notice of the occurrence of any of the following Listed Events with respect to the Certificates:

- (1) Principal and interest payment delinquencies.
- (2) Non-payment related defaults, if material.
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties.
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties.
- (5) Substitution of credit or liquidity providers, or their failure to perform.

- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security.
- (7) Modifications to rights of security holders, if material.
- (8) Bond calls, if material, and tender offers.
- (9) Defeasances.
- (10) Release, substitution, or sale of property securing repayment of the securities, if material.
- (11) Rating changes.
- (12) Bankruptcy, insolvency, receivership or similar event of the City or other obligated person.
- (13) The consummation of a merger, consolidation, or acquisition involving the City or an obligated person, or the sale of all or substantially all of the assets of the City or an obligated person (other than in the ordinary course of business), the entry into a definitive agreement to undertake such an action, or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material.
- (15) Incurrence of a financial obligation of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the City or an obligated person, any of which affect security holders, if material.
- (16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the City, any of which reflect financial difficulties.

(b) Whenever the City obtains knowledge of the occurrence of a Listed Event, the City shall, or shall cause the Dissemination Agent (if not the City) to, file a notice of such occurrence with the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the Listed Event. Notwithstanding the foregoing, notice of Listed Events described in subsection (a)(8) above need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Certificates under the Trust Agreement.

(c) The City acknowledges that the events described in subparagraphs (a)(2), (a)(7), (a)(8) (if the event is a bond call), (a)(10), (a)(13), (a)(14) and (a)(15) of this Section 5 contain the qualifier "if material" and that subparagraph (a)(6) also contains the qualifier "material" with

respect to certain notices, determinations or other events affecting the tax status of the Certificates. The City shall cause a notice to be filed as set forth in paragraph (b) above with respect to any such event only to the extent that it determines the event's occurrence is material for purposes of U.S. federal securities law. Whenever the City obtains knowledge of the occurrence of any of these Listed Events, the City will as soon as possible determine if such event would be material under applicable federal securities law. If such event is determined to be material, the City will cause a notice to be filed as set forth in paragraph (b) above.

(d) For purposes of this Disclosure Certificate, any event described in paragraph (a)(12) above is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the City in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City.

(e) For purposes of Section 5(a)(15) and (16), "financial obligation" means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term financial obligation shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule.

Section 6. Identifying Information for Filings with the MSRB. All documents provided to the MSRB under the Disclosure Certificate shall be accompanied by identifying information as prescribed by the MSRB.

Section 7. Termination of Reporting Obligation. The City's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior prepayment or payment in full of all of the Certificates. If such termination occurs prior to the final maturity of the Certificates, the City shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

Section 8. Dissemination Agent. The City may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any Dissemination Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be the City. Any Dissemination Agent may resign by providing 30 days' written notice to the City.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the City may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, if the City has received an opinion of nationally recognized bond counsel to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof, but taking into account any subsequent change in, or official interpretation of, the Rule.

Section 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the City from disseminating any other information, using the means of

dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the City chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the City shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 11. Default. If the City fails to comply with any provision of this Disclosure Certificate, the Participating Underwriter or any holder or beneficial owner of the Certificates may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Trust Agreement, and the sole remedy under this Disclosure Certificate in the event of any failure of the City to comply with this Disclosure Certificate shall be an action to compel performance.

Section 12. Duties, Immunities and Liabilities of Dissemination Agent. (a) The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the City agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent shall have no duty or obligation to review any information provided to it by the City hereunder, and shall not be deemed to be acting in any fiduciary capacity for the City, the Bond holders or any other party. The obligations of the City under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Certificates.

(b) The Dissemination Agent shall be paid compensation by the City for its services provided hereunder in accordance with its schedule of fees as amended from time to time, and shall be reimbursed for all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder.

Section 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the City, the Dissemination Agent, the Participating Underwriter and the holders and beneficial owners from time to time of the Certificates, and shall create no rights in any other person or entity.

Section 14. Counterparts. This Disclosure Certificate may be executed in several counterparts, each of which shall be regarded as an original, and all of which shall constitute one and the same instrument.

Date: _____, 2020

CITY OF LIVERMORE

By: _____
Name: _____
Title: _____

APPENDIX F

BOOK-ENTRY PROVISIONS

The following description of the Depository Trust Company, New York, New York (“DTC”), the procedures and record keeping with respect to beneficial ownership interests in the Certificates, payment of principal, interest and other payments with respect to the Certificates to DTC Direct and Indirect Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interest in the Certificates and other related transactions by and between DTC, DTC’s Direct and Indirect Participants and the Beneficial Owners is based solely on information provided by DTC. Accordingly, no representations can be made concerning these matters and neither DTC’s Direct and Indirect Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or DTC’s Direct and Indirect Participants, as the case may be.

*Neither the issuer of the Certificates (the “**Issuer**”) nor the trustee, fiscal agent or paying agent appointed with respect to the Certificates (the “**Agent**”) take any responsibility for the information contained in this Appendix.*

No assurances can be given that DTC, DTC’s Direct Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Certificates, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Certificates, or (c) prepayment or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Certificates, or that they will so do on a timely basis, or that DTC, DTC’s Direct Participants or Indirect Participants will act in the manner described in this Appendix. The current “Rules” applicable to DTC are on file with the Securities and Exchange Commission and the current “Procedures” of DTC to be followed in dealing with DTC’s Direct Participants and Indirect Participants are on file with DTC.

1. DTC will act as securities depository for the securities (the “**Securities**”). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for each issue of the Securities, each in the aggregate principal amount of such issue, and will be deposited with DTC. If, however, the aggregate principal amount of any issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.

2. DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“**Direct Participants**”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned

subsidiary of The Depository Trust & Clearing Corporation (“**DTCC**”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“**Indirect Participants**”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com. *The information contained on this Internet site is not incorporated herein by reference.*

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC’s records. The ownership interest of each actual purchaser of each Security (“**Beneficial Owner**”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC’s MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as

possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

10. Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

11. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.