

# CITY OF LIVE OAK, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED SEPTEMBER 30, 2017

Prepared by:  
Finance Department  
Leroy Kowalik, Director of Finance

**abip**

CPAs | ADVISORS

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## **INTRODUCTORY SECTION**

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February 13, 2018

Honorable Mayor and City Council  
City of Live Oak  
8001 Shin Oak Drive  
Live Oak, Texas 78233

Dear Mayor and Members of City Council:

The City of Live Oak, Texas is required to publish each year, a complete set of financial statements presented in conformity with Generally Accepted Accounting Principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the Comprehensive Annual Financial Report of the City of Live Oak (the City) for the fiscal year ended September 30, 2017.

This report consists of management's representations concerning the finances of the City and deems the enclosed data to be accurate in all material respects and reported in a manner designed to present fairly the financial position and results of operations of all City activities and funds. 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 City also acknowledges all disclosures that are necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The City's financial statements have been audited by ABIP, P.C., a firm of licensed public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended September 30, 2017 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial presentation. The independent auditor concluded, based on the audit, that there was a reasonable basis for rendering an unmodified opinion that the financial statements for the year ended September 30, 2017 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

As required by GAAP, management has provided a narrative introduction, overview and analysis to accompany the basic financial statement in the form of Management's Discussion and Analysis (MD&A). The letter of transmittal is designed to complement the MD&A, and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

## PROFILE OF THE GOVERNMENT

The City is a home-rule city that was incorporated in 1960 and is located 17 miles northeast of downtown San Antonio. At September 30, 2017, the City has a land area of approximately 5.5 square miles and an estimated population of 15,749. The City is empowered to levy a property tax on both real and personal property located within its boundaries.

The City has adopted a Council-Manager form of government. Policy-making and legislative authority are vested in a governing Council that is comprised of a Mayor and five Council members. The Mayor and Council members are all elected at large for a two-year term. Elections are staggered with the Mayor and two Council Members elected together (year 2018) and the three remaining members in 2019. The City Manager is appointed by the Council and is responsible for implementing council policy and day-to-day operations of the City.

The City provides a full range of municipal services including public safety (police, fire and emergency medical services protection); residential and commercial solid waste sanitation services (through a franchise agreement with Waste Management), water and wastewater services, public improvements, repair and maintenance of infrastructure, recreational and community activities and general administrative services. Transportation, treatment and disposal of sewage are provided under separate contracts with the San Antonio River Authority, Cibolo Creek Municipal Authority and San Antonio Water System (see Note 9, Commitment and Contingencies, pages 48-49 of the notes to the financial statement). The City provides water service to most of the City, with the San Antonio Water System providing water service to the remaining portion of the City.

The City of Live Oak Economic Development Corporation (EDC) is considered to meet the criteria of a component unit; therefore, has been included in the report as a discretely presented component unit. The EDC is governed by a seven-member board, consisting of three Council members and four other members appointed by City Council. The EDC is funded through a half cent Section 4B sales tax. The City is financially accountable for the EDC because the City appoints the governing body and the City is obligated to finance any deficits that may occur.

An annual budget serves as the foundation for the City's financial planning and control. All departments are required to submit requests for appropriations in May/June of each year. The City's Finance Director and City Manager use these requests as a starting point in developing a proposed budget. During the months of July and August, weekly workshops are held with City Council members present. Public hearings for the budget are held in late August and early September.

The budget must provide a complete financial plan for all city funds for the ensuing fiscal year showing:

- a) All outstanding obligations
- b) Cash on hand to each fund
- c) The funds received from all sources and funds available from all sources
- d) The estimated revenue to cover the proposed budget
- e) The estimated tax rate required
- f) Proposed capital additions and deletions along with methods of financing them
- g) The total proposed expenditure shall not exceed the total estimated income

According to the city charter, the Council shall adopt the budget on or before the 20<sup>th</sup> day of the last month of the fiscal year currently ending.

At any time during the fiscal year, the manager may transfer part or all of any unencumbered appropriation balance among programs within a fund or department. Upon written request by the manager, the Council may transfer part of any unencumbered appropriation balance from one fund or department to another. Every appropriation, except an appropriation for a capital expenditure, shall lapse at the close of the fiscal year to the extent that it has not been expended or encumbered.

### **LOCAL ECONOMY**

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

The City is located at the center of one of the state's most active growth areas. It is adjacent to the City of San Antonio, the second largest city in Texas. The City has a close proximity to major airports and major military bases. The City is also strategically located at one of the busiest intersections in the San Antonio area, the Interstate 35 and Loop 1604 intersection. Live Oak's convenient location along the boundaries of Interstate 35, one of the largest transportation arteries in the nation, continues to provide for a positive impact to the City.

The decision to adopt a sales tax for the Economic Development Corporation in 1996 has transformed the City from a modest community in the 1990's into one of the most prosperous communities in the Randolph AFB Metrocom area. The Metrocom area is the northeast portion of the San Antonio metropolitan area which consists of several suburban cities around Randolph AFB. Growth in this area is reflective of the strength of our key economic clusters that include healthcare, education, retail and services. With the continued planned expansions of several current commercial developments and several new upcoming commercial developments, these economic sectors will continue to be the base of our economy.

The City of Live Oak and surrounding Metrocom area had another prosperous year. Overall, the Metrocom area sustained fiscal stability throughout the struggles of the economy from 2008 through 2014. Texas and more precisely, the San Antonio area, has weathered the struggling economy and continued to perform better than many areas around the nation. Since 2015, the economy seemed to get back on a positive track nationwide. This area again continues to perform as good or better than any other area in the state or even the nation.

The City enjoyed several grand openings of retail and food establishments since 2015. There are many more slated to open in 2018 and onward. Northeast Lakeview College, with their Alamo University Center, continued to offer undergraduate and graduate degree programs under one roof from three major universities. The Alamo University Center establishes Live Oak as a major hub for educational opportunities. The Judson Early College Academy (JECA) offers students with an opportunity to not only earn their high school degree, but they will have also have earned an equivalent to an associate's degree as well. Students will have the ability to transfer these college credits to almost any college of choice. Northeast Lakeview College has a plan to become a major, higher education player for the region in the future with over 15,000 students. The Eagle Ford Shale development, one of the nation's biggest oil and natural gas fields, has provided a tremendous economic impact to neighboring counties that has spilled over into this area. The oil industry has dramatically declined over the last couple of years but is in the process of making a comeback and is still considered to have a solid presence in the area.

Other economic indicators such as the unemployment rate and housing permits have remained positive in this area as compared to the national level. With the addition of an upcoming 202 home subdivision, the City's residential subdivisions will be at build out. The City also has an upcoming 240 unit multi-family facility that should begin construction in 2018. Sales tax receipts throughout the past fiscal year saw slightly higher levels than the previous fiscal year. At year end, sales tax revenue again came in slightly above budget. Since 2015, the economy has begun the turn-around that everyone was hoping for. The positive turn in the economy could be seen on interest income, building permits (commercial) and sales tax revenue the past several years. Fiscal Year 2018 is anticipated to be another very positive year.

The City sold its Civic Center several years ago with the hopes of turning this property back to retail. Since the sale, the City has enjoyed grand openings of a 54<sup>th</sup> Street Bar and Grill, McAllister's Deli, Burger King and a Starbucks Coffee on this property. A select service Hilton Garden Inn Hotel with a conference center has also opened their doors on the property adjacent to the old Civic Center property. This facility is in full operation and doing very well. The transition of use for this old Civic Center property has created momentum to revitalize the Pat Booker Road area of the City. In addition to the businesses mentioned, several other retail and commercial businesses opened shop along Pat Booker Road. This simple transaction sparked the continued growth throughout the City. Several other retail facilities that have either been completed or in construction include: Pot Belly Sandwich Shop, Dunkin Donuts, Smoothie King, Smallcakes, Zoe's Kitchen, Mod Pizza, Urban Brick Pizza, and Raising Cane's Chicken Fingers, La Madeleine and Randolph Brooks Federal Credit Union Building 3. Upcoming projects also include the much anticipated IKEA Live Oak and Town Center Development, as well as, (2) QT stations, Camp Bow Wow and Gateway Senior Living.

Economic Outlook: Because the City is adjacent to the City of San Antonio, the local economy is anchored by what happens in the San Antonio Metropolitan Statistical Area. This area enjoys the benefit of a diversified economy. Major anchors of the economy in this area are the medical/biomedical industry, the military industry, tourism, telecommunications, insurance, financial and manufacturing. The national state of economy continues to show signs of stability and growth. As a result, commercial growth and sales tax receipts are back on a positive track.

## **LONG-TERM FINANCIAL PLANNING**

The City's Comprehensive Plan provided background information for a baseline analysis to formulate goals and objectives to guide our City through the years to 2022. The City updated both its Comprehensive and Parks Master Plan in fiscal year 2011.

The City is in constant communications with various developers to look at opportunities for development on several of the City's undeveloped areas. As previously mentioned, the City Council approved the sale of the City's Civic Center property in order to return this property to retail development. This project turned out to very successful and prosperous for the City. Several commercial businesses recently opened their doors around the City. There are also several big projects in the works, none bigger than the much anticipated IKEA Live Oak and Town Center Development. All this growth continues to strengthen this area's financial stability.

The City is also continuously looking at its infrastructure needs. In a May 2014 bond election, citizens passed three of the four bond proposals which will address areas of street improvements, traffic signalization, street widening and park and trail improvements. Most of these projects are already completed.

The City, with the assistance of the Regional Water Resource Development Group and Regional Water Alliance, is constantly monitoring the projected growth and water needs of the City.

## **RELEVANT FINANCIAL POLICIES**

Budgeting controls are governed by the City's Charter. Throughout the budgeting process, the City Council may make financial policies that dictate the uses and sources of funds for various needs. In the 2017 budget, Council endorsed a financial policy that would have utilized \$653,812 of reserves to be used for contingencies (\$200,000), capital or capital related purchases (\$201,312) and one-time and/or emergency expenditures (\$252,500).

## **MAJOR INITIATIVES**

Goals for the year were to continue or enhance the level of professional services in all areas, swift professional EMS and Fire response, a police department most capable of responding to all requests for services both emergency and non-emergency, continue to monitor the street and sewer infrastructure maintenance program, improved city park operations, and properly maintain City facilities. Most importantly a positive attitude by all will assure our citizens that we are here to serve them.


The City Council called for a May 2014 bond election, where three of the four bond proposals passed. Two of the approved proposals call for various street improvements throughout the City and a traffic signal at one of the City's busy intersections. The third proposal calls for lighting around the City's ball fields and a walking trail. Most of these bond projects were completed as of September 30, 2017. Some residual street improvement projects will continue into 2018 but are anticipated to be completed within 2018. The Parks improvement project for the Woodcrest Park is substantially complete with some small improvements being identified for 2018. The Lookout Road rehabilitation project began construction in conjunction with the general streets bond project and is almost complete.

## AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Live Oak for its comprehensive annual financial report (CAFR) for the fiscal year ended September 30, 2016. This was the tenth consecutive year that the City received this prestigious award. In order to be awarded a Certificate of Achievement, the government had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate. The preparation of this report was made possible by the efficient and dedicated service of the entire staff of the finance and administration departments. We appreciate the efforts of everyone involved. We wish to also express our appreciation to the Mayor and all City Council members for their unfailing support for maintaining the highest standards of professionalism in the management of the City's finances.

Respectfully Submitted,

  
\_\_\_\_\_  
Scott Wayman  
City Manager

  
\_\_\_\_\_  
Leroy Kowalik  
Director of Finance



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**City of Live Oak  
Texas**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**September 30, 2016**

*Christopher P. Morill*

Executive Director/CEO

**CITY OF LIVE OAK  
LIST OF ELECTED AND APPOINTED OFFICIALS  
SEPTEMBER 30, 2017**

**Elected Officials**

Mayor	Mary M. Dennis
Councilmember Place 1, Mayor Pro-tem	Mendell D. Morgan
Councilmember Place 2	Robert "Bob" Tullgren
Councilmember Place 3	Anthony Brooks
Councilmember Place 4	Ed Cimics
Councilmember Place 5	Aaron Dahl

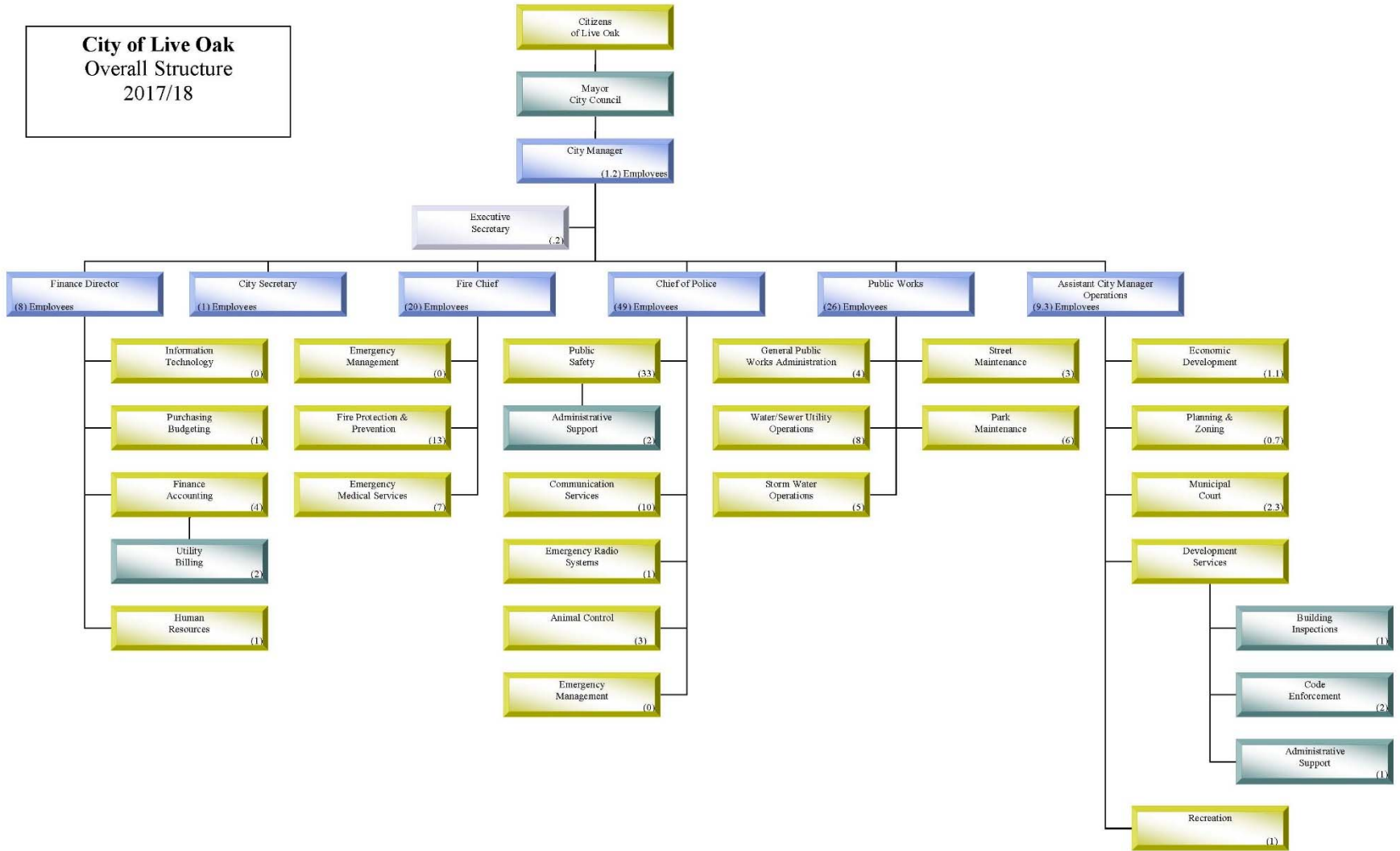
**Appointed Officials**

City Manager	Scott Wayman
Assistant City Manager	Jordan Matney
City Attorney	Denton, Navarro, Rocha & Bernal
Municipal Court Judge	Ed Phillips
Finance Director	Leroy Kowalik
Public Works Director	Mark Wagster
Police Chief	Dan Pue
Fire Chief	Charles Foster
City Secretary	Deborah Goza
City Auditor	ABIP, PC



**CITY OF LIVE OAK, TEXAS**  
**ORGANIZATION CHART**  
**SEPTEMBER 30, 2017**

**City of Live Oak**  
**Overall Structure**  
**2017/18**



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## **FINANCIAL SECTION**

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To the Honorable Mayor and  
Members of the City Council  
Live Oak, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Live Oak, Texas, (the City) as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Live Oak, Texas as of September 30, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedule of changes in net pension liability and related ratios, and schedule of contributions 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 of Live Oak, Texas' basic financial statements. The introductory section, combining and individual non-major fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements and schedules are 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 February 13, 2018, on our consideration of the City of Live Oak, Texas' 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 of Live Oak, Texas' internal control over financial reporting and compliance.

ABIP, PC

Certified Public Accountants  
San Antonio, Texas  
February 13, 2018

CITY OF LIVE OAK, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2017

As management of the City of Live Oak, Texas (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2017. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal which can be found on pages i-vi of this report.

FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities at September 30, 2017 by \$17,695,686 (net position). Of this amount \$10,220,209 (unrestricted net position), may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net position decreased by \$1,315,889. A majority of this decrease is attributable to the continued expenditures related to the 2014 bond projects.
- As of September 30, 2017 the City's governmental funds reported combined ending fund balances of \$15,687,008, a decrease of \$989,092.
- The total debt of the City's governmental activities decreased by \$1,676,154 and business-type activities increased from \$38,904 to \$55,322.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis serves as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements and required supplementary information. This report also contains other supplementary information in addition to the basic financial statements.

Government-Wide Financial Statements - The government-wide financial statements are designed to provide readers 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 and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

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 (e.g. uncollected taxes and earned but unused vacation leave.)

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 a significant portion of their costs through their user fees and charges (business-type activities). The governmental activities of the City include general government, debt service, special revenue funds, and capital projects. The business-type activities of the City include a water and wastewater operating fund, a utility development replacement and renewal fund and a storm water utility fund.

The government-wide financial statements can be found on pages 17-18 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 segregated 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 two categories: governmental and proprietary, and utilize different accounting approaches.

***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 available for current spending, as well as on balances of resources available for spending at the end of the fiscal year. Such information may be useful in evaluating a government’s near-term financing requirements.

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

The City maintains fourteen (14) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund, hotel/motel occupancy fund, 2014 general obligation bond fund, and the debt service fund, which are considered to be major funds. Data from the other ten (10) governmental funds are combined into a single, aggregated presentation. Details of the ten (10) non-major governmental funds are presented in the other supplementary information section which begins on page 61. The City adopts an annual appropriated budget for all governmental funds except capital projects. A budgetary comparison statement has been provided for the general fund and the economic development corporation to demonstrate compliance with this budget. The basic governmental fund financial statements can be found on pages 19-22 of this report.

***Proprietary Funds*** – The City charges customers for the services it provides, whether to outside customers or to other units within the City. These services are generally reported in proprietary funds. The City maintains three 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 the operation and maintenance of its water and wastewater utility, its utility development replacement and renewal funds and operation of its storm water utility. The basic proprietary fund financial statements can be found on pages 23-26 of this report.



**Notes to the Basic Financial Statements** – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 29-50 of this report.

**Other Information** – In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City’s progress in funding its obligation to provide pension benefits to its employees and the general fund and the hotel/motel occupancy fund budgetary comparisons. Required supplementary information can be found on pages 53-58 of the City’s comprehensive annual financial report.

The combining statements referred to earlier as the City’s non-major governmental funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and supporting schedules can be found beginning on pages 61-76 of the City’s comprehensive annual financial report.

#### GOVERNMENT-WIDE FINANCIAL ANALYSIS

The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$17,695,686 (net position). Of this amount, \$10,220,209 (unrestricted net position) may be used to meet the ongoing obligations to citizens and creditors.

The 2<sup>nd</sup> largest portion of the City’s net position (30%) is its net investment in capital assets (e.g., land, buildings, infrastructure, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. Although the City’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The largest portion of the City’s net position (58%) is unrestricted while approximately (12%) represents resources that are subject to external restrictions on how they may be used.

#### NET POSITION

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	2017	2016	2017	2016	2017	2016
<u>ASSETS</u>						
Current and Other Assets	\$ 17,893,911	\$ 19,292,448	\$ 2,458,061	\$ 2,695,845	\$ 20,351,972	\$ 21,988,293
Capital Assets	<u>19,682,597</u>	<u>20,791,085</u>	<u>5,054,357</u>	<u>5,263,431</u>	<u>24,736,954</u>	<u>26,054,516</u>
Total Assets	<u>37,576,508</u>	<u>40,083,533</u>	<u>7,512,418</u>	<u>7,959,276</u>	<u>45,088,926</u>	<u>48,042,809</u>
<u>DEFERRED OUTFLOWS</u>	<u>2,206,157</u>	<u>2,642,723</u>	<u>229,997</u>	<u>286,233</u>	<u>2,436,154</u>	<u>2,928,956</u>
<u>LIABILITIES</u>						
Current Liabilities	3,523,041	3,842,716	606,948	509,691	4,129,989	4,352,407
Long-Term Liabilities	<u>24,768,190</u>	<u>26,355,496</u>	<u>837,583</u>	<u>796,623</u>	<u>25,605,773</u>	<u>27,152,119</u>
Total Liabilities	<u>28,291,231</u>	<u>30,198,212</u>	<u>1,444,531</u>	<u>1,306,314</u>	<u>29,735,762</u>	<u>31,504,526</u>
<u>DEFERRED INFLOWS</u>	<u>89,557</u>	<u>406,316</u>	<u>4,075</u>	<u>49,348</u>	<u>93,632</u>	<u>455,664</u>
<u>NET POSITION</u>						
Net Investment in Capital Assets	337,900	2,437,731	5,054,357	5,263,431	5,392,257	7,701,162
Restricted	2,083,220	1,944,020	-	-	2,083,220	1,944,020
Unrestricted	<u>8,980,757</u>	<u>7,739,977</u>	<u>1,239,452</u>	<u>1,626,416</u>	<u>10,220,209</u>	<u>9,366,393</u>
TOTAL NET POSITION	<u>\$ 11,401,877</u>	<u>\$ 12,121,728</u>	<u>\$ 6,293,809</u>	<u>\$ 6,889,847</u>	<u>\$ 17,695,686</u>	<u>\$ 19,011,575</u>

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities.

As of September 30, 2017, the City's net position decreased by \$1,315,889. A majority of this decrease is attributable to the continued expenditures related to the 2014 bond projects.

The following table indicates changes in net position for the governmental and business-type activities for the City as of September 30, 2017.

CHANGES IN NET POSITION

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	2017	2016	2017	2016	2017	2016
<u>REVENUES</u>						
Program Revenues						
Charges for Services	\$ 1,963,480	\$ 1,926,691	\$ 3,812,187	\$ 3,909,460	\$ 5,775,667	\$ 5,836,151
Operating Grants & Contributions	44,845	32,500	-	-	44,845	32,500
Capital Grants & Contributions	270,000	-	147,337	270,932	417,337	270,932
General Revenues						
Property Taxes	5,302,619	4,816,434	-	-	5,302,619	4,816,434
Sales Taxes	5,836,773	5,806,754	-	-	5,836,773	5,806,754
Franchise Taxes	1,143,688	1,170,417	-	-	1,143,688	1,170,417
Beverage Taxes	105,722	112,942	-	-	105,722	112,942
Occupancy Taxes	596,882	540,765	-	-	596,882	540,765
Investment Earnings	158,707	152,155	16,534	6,410	175,241	158,565
Miscellaneous	79,793	41,487	8,802	-	88,595	41,487
Total Revenues	<u>15,502,509</u>	<u>14,600,145</u>	<u>3,984,860</u>	<u>4,186,802</u>	<u>19,487,369</u>	<u>18,786,947</u>
<u>EXPENSES</u>						
General Government	5,832,574	8,136,255	-	-	5,832,574	8,136,255
Public Safety	7,141,799	6,548,599	-	-	7,141,799	6,548,599
Public Works	2,724,691	2,680,500	-	-	2,724,691	2,680,500
Community Services	236,786	201,719	-	-	236,786	201,719
Loss on Sale of Assets	50,497	-	-	-	50,497	-
Interest on Long-Term Debt	633,911	684,213	-	-	633,911	684,213
Water and Wastewater Utilities	-	-	3,322,107	3,226,920	3,322,107	3,226,920
Utility Development Replacement and Renewal	-	-	383,704	183,331	383,704	183,331
Storm Water Utilities	-	-	477,189	580,855	477,189	580,855
Total Expenses	<u>16,620,258</u>	<u>18,251,286</u>	<u>4,183,000</u>	<u>3,991,106</u>	<u>20,803,258</u>	<u>22,242,392</u>
Increase in Net Position before Transfers	(1,117,749)	(3,651,141)	(198,140)	195,696	(1,315,889)	(3,455,445)
TRANSFERS	397,898	387,207	(397,898)	(387,207)	-	-
Change in Net Position	(719,851)	(3,263,934)	(596,038)	(191,511)	(1,315,889)	(3,455,445)
NET POSITION AT BEGINNING OF YEAR	<u>12,121,728</u>	<u>15,385,662</u>	<u>6,889,847</u>	<u>7,081,358</u>	<u>19,011,575</u>	<u>22,467,020</u>
NET POSITION - ENDING	<u>\$ 11,401,877</u>	<u>\$ 12,121,728</u>	<u>\$ 6,293,809</u>	<u>\$ 6,889,847</u>	<u>\$ 17,695,686</u>	<u>\$ 19,011,575</u>

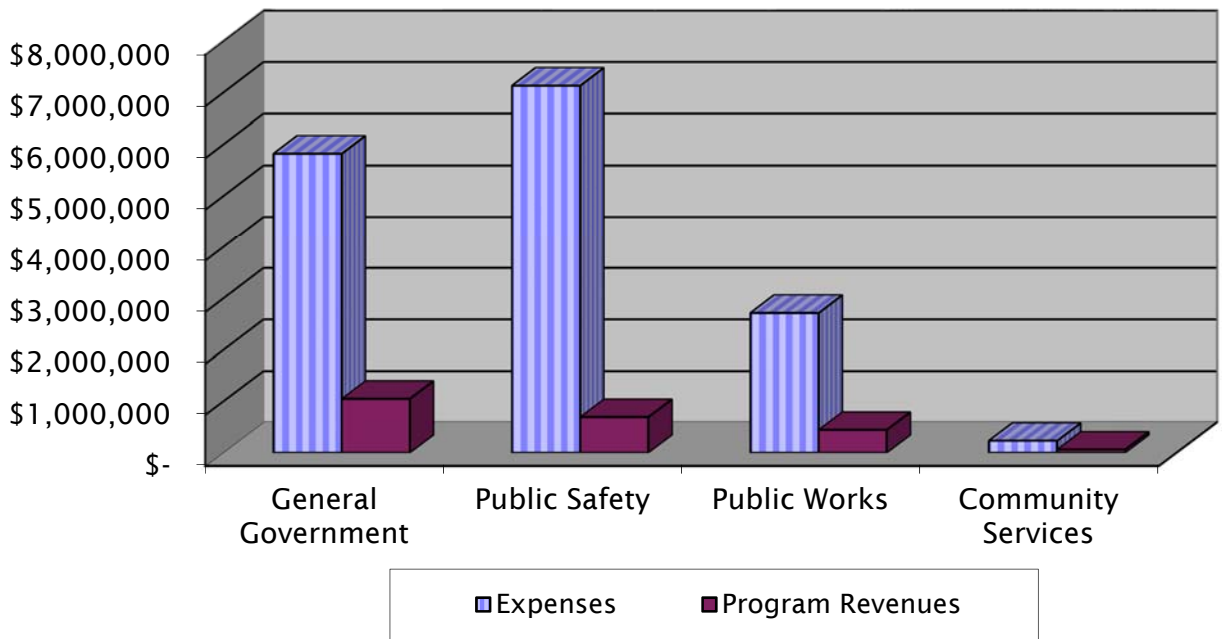
Governmental Activities - Governmental activities decreased the City's net position by \$719,851.

Key elements are as follows:

- Expenses for General Government decreased by \$2,303,681
- Expenses for Public Safety increased by \$593,200
- Expenses for Public Works increased by \$44,191
- Expenses for Community Services increased by \$35,067
- Property Taxes increased by \$486,185
- Sales Taxes increased by \$30,019
- Occupancy Taxes increase by \$56,117
- Investment earnings increased by \$6,552

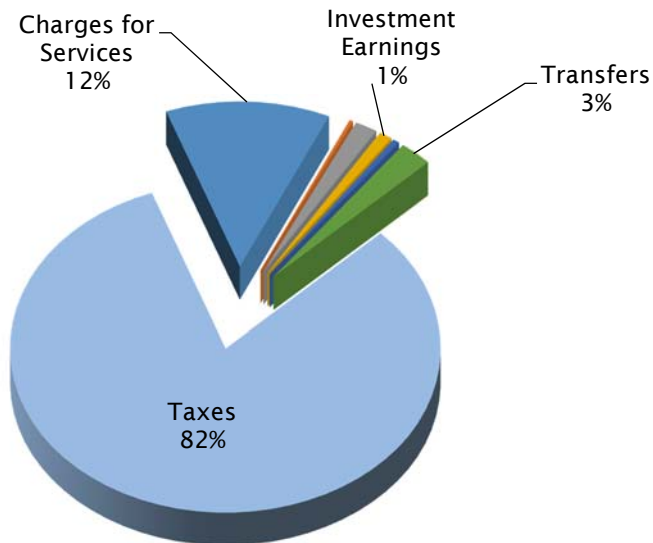
Below is a chart which depicts the expenses and program revenues for all governmental activities.

**EXPENSES AND PROGRAM REVENUES - GOVERNMENTAL ACTIVITIES**

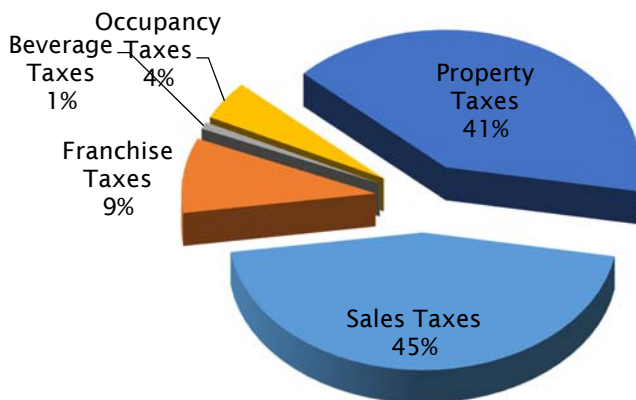


The following charts show first the revenues by source and second the tax revenue by source for all governmental activities.

**REVENUES BY SOURCE - GOVERNMENTAL ACTIVITIES**



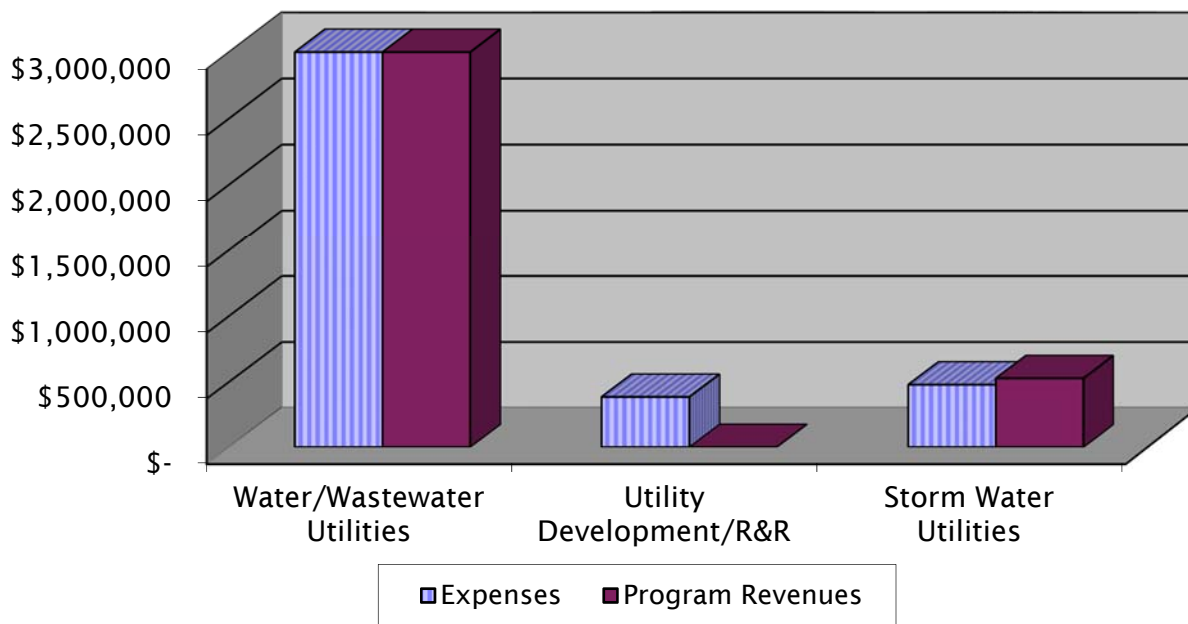
**TAX REVENUE BY SOURCE - GOVERNMENTAL ACTIVITIES**



**Business-Type Activities** – The City’s business-type activities consist solely of water and wastewater services, utility development (renewals and replacements) and storm water operations. These activities have rates and spending plans established by the City Council. Another activity includes solid waste collection, but is only a pass through for the City.

Business-type activities decreased the City’s net position by \$(596,038). This decrease was due primarily to an increase in expenses for operating the Water and Wastewater system and an increase in repair costs in the Utility Development Replacement and Renewal Fund for a water tank painting project. A comparison between expenses and program revenues (charges for services) relating to water, wastewater and storm water operations follows. The major revenue source for business-type activities consists almost entirely of charges for services.

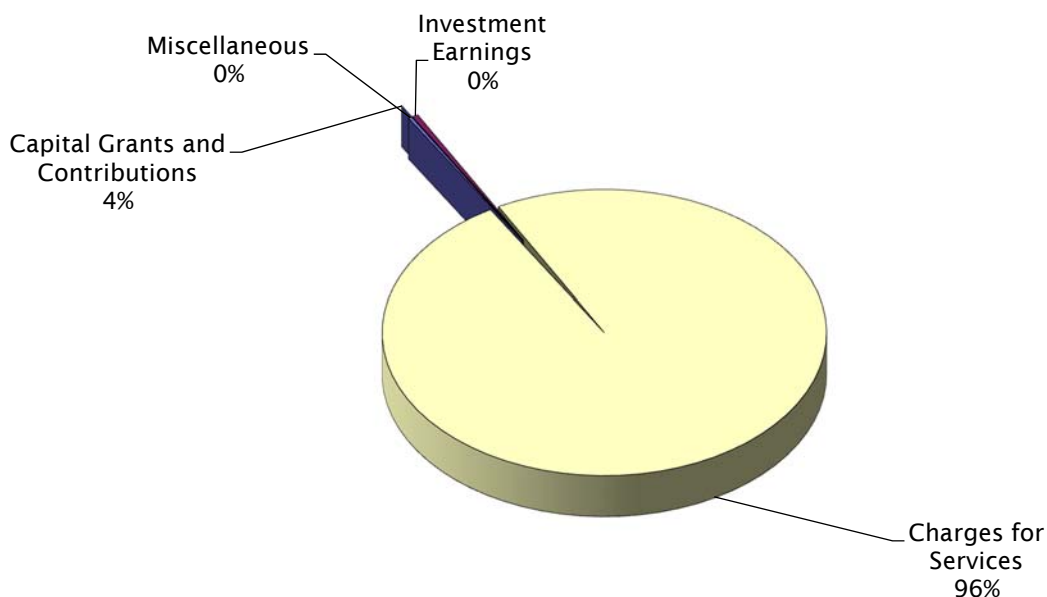
**EXPENSES AND PROGRAM REVENUES – BUSINESS-TYPE ACTIVITIES**



The revenues in the current fiscal year for the business-type activities decreased by \$201,942 from 2016. The total expenditures for the business-type activities increased by \$191,894 from 2016. The primary reason for the decrease in revenues is attributable to a decrease in water and sewer sales due to an abnormal rainy season. The primary reason for the increase in expenditures from 2016 was attributable to an increase in expenses for operating the water and wastewater systems and an increase in repair costs in the Utility Development Replacement and Renewal Fund for a tank painting project.

The graph below shows the revenues by source for the business-type activities. As previously mentioned, the primary source of revenue is from charges for services.

### REVENUES BY SOURCE - BUSINESS-TYPE ACTIVITIES



### FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds** - The focus of the City's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$15,687,008, a decrease of approximately \$989,092 from the prior year. This decrease is due primarily to the continued expenditures related to the 2014 bond projects. \$9,346,943 (59.58%) of the ending fund balance is unassigned, which is available for spending at the City's discretion. The remaining amount of \$6,340,065 (40.42%) is nonspendable, restricted or committed for specific purposes and not available for new spending.

The City's general fund is the chief operating fund of the City and is used to account for all financial resources except those required to be accounted for by another fund. Property and sales taxes provide the major source of income. At the end of the current fiscal year, the unassigned fund balance portion of the general fund was \$9,346,943 compared to \$8,617,515 in 2016, an increase of \$729,428. This increase was primarily attributable to an increase in property and sales tax revenue and budget savings due to personnel vacancies and minor departmental reorganizations. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures.

The Hotel/Motel Occupancy Fund is used to account for the receipt and disbursement of hotel/motel taxes. At the end of the current fiscal year, the restricted fund balance in this fund was \$1,084,992, an increase of \$104,942. This increase was a result of a slight increase in occupancy taxes.

The 2014 general obligation bond fund is used to account for the issuance of bonds and the costs of construction. At the end of the current fiscal year, the restricted fund balance in this fund was \$436,646, a decrease of \$2,776,525 from fiscal year 2016 due to continued spending on construction projects.

The debt service fund had a total restricted fund balance of \$372,025 at the end of the current fiscal year. The total fund balance is restricted for the payment of debt service. The net increase was \$7,110 in fund balance from 2016 due to tax receipts being better than what was expected.

**Proprietary Funds** – The City's proprietary funds provide the same type of information found in the government-wide financial statements. Unrestricted net position of the water and sewer fund, the utility development replacement and renewal fund, and the storm water fund at the end of the current fiscal year was \$1,239,452 or 30% of annual operating and non-operating expenses for the funds.

#### BUDGETARY HIGHLIGHTS

General Fund – There were no differences between the original budget and the amended budget because there was no budget amendments made during the 2017 fiscal year for the General Fund. There was one approved budget amendment made to the Forfeiture Fund, a non-major special revenue fund, for the purchase of a police canine.

During the year, revenues were more than budgetary estimates by \$141,610 and expenditures were less than budgetary estimates by \$1,290,357.

Below is a brief summarization of the major differences between the final amended budget and actual results for both revenues and expenditures.

- \$141,610 over budget in total revenues
  - Property Taxes - exceeded budget by \$9,820 due to final changes to protested assessed values.
  - Sales Tax - exceeded budget by \$109,278 due to a better than anticipated economic environment.
  - Franchise Taxes - exceeded budget by \$125,700 due to better than expected growth recognized throughout the City.
  - Fines and Fees - were less than budget by \$52,636 due in part to less citations issued.
  - Permits and Fees - were less than budget by \$128,149 due to some of the larger developments not progressing as quickly as anticipated during budget time.
  - Investment Earnings - exceeded budget by \$39,666 due to an increase in interest rates by the Feds
  - Miscellaneous - exceeded budget by \$43,455.
  
- \$1,290,357 under budget in total expenditures
  - General Government:
    - Council - did not utilize the contingency budget.
    - City Secretary - professional fees came in lower than anticipated.
    - Finance - primarily due to professional fees coming in lower than expected and reassessed the purchase of some software.
    - Information Technology - professional fees came in lower than expected as well as hardware and software maintenance costs.
    - Development Services - primarily due to not having to utilize some budgeted professional services expenses for certain inspections.
  - Public Safety - primarily due to personnel vacancies in the Police, Communications, and Fire/EMS departments.
  - Public Works - primarily due to lower than anticipated petroleum and utility costs, unspent emergency contingencies in streets and public works and other various savings within some departments due to certain completed projects.

#### CAPITAL ASSET AND DEBT ADMINISTRATION

**Capital Assets** - The City's investment in capital assets for its governmental and business-type activities as of September 30, 2017 amounted to \$24,736,954 (net of accumulated depreciation). This investment in capital assets includes land, buildings, roads, park facilities, the water and wastewater system plants and service lines, machinery and equipment, and construction in progress. The total decrease in the City's investment in capital assets for the current fiscal year was 5.3%.

At the end of fiscal year 2017, the City had invested in a broad range of capital assets, including police equipment, information technology, and streets and utilities. During the year, capital additions occurred in the water rights, building and improvements, streets and improvements and machinery and equipment categories. The City increased its construction in progress.



The following table shows capital asset activity for the 2017 fiscal year with comparison for 2016. If more detailed information is desired on the City's capital asset activity, please refer to Note 5 (pages 39-40) as presented in the notes to the financial statements.

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	2017	2016	2017	2016	2017	2016
<b>Capital Assets - Not Depreciated</b>						
Land	\$ 1,161,881	\$ 1,206,394	\$ 8,770	\$ 8,770	\$ 1,170,651	\$ 1,215,164
Water Rights	647,021	647,021	1,009,551	862,214	1,656,572	1,509,235
Construction in Progress	266,869	252,716	-	-	266,869	252,716
Total Capital Assets - not Depreciated	<u>2,075,771</u>	<u>2,106,131</u>	<u>1,018,321</u>	<u>870,984</u>	<u>3,094,092</u>	<u>2,977,115</u>
<b>Capital Assets - Depreciated</b>						
Buildings and Improvements	13,607,088	13,527,859	-	-	13,607,088	13,527,859
Streets and Improvements	14,209,705	14,136,305	-	-	14,209,705	14,136,305
Machinery and Equipment	7,533,601	7,367,246	1,717,878	1,717,878	9,251,479	9,085,124
Water and Wastewater System	-	-	9,800,082	9,800,082	9,800,082	9,800,082
Total Capital Assets - Depreciated	<u>35,350,394</u>	<u>35,031,410</u>	<u>11,517,960</u>	<u>11,517,960</u>	<u>46,868,354</u>	<u>46,549,370</u>
Less: Accumulated Depreciation	<u>(17,743,568)</u>	<u>(16,286,145)</u>	<u>(7,481,924)</u>	<u>(7,125,513)</u>	<u>(25,225,492)</u>	<u>(23,411,658)</u>
CAPITAL ASSETS - NET	<u>\$ 19,682,597</u>	<u>\$ 20,851,396</u>	<u>\$ 5,054,357</u>	<u>\$ 5,263,431</u>	<u>\$ 24,736,954</u>	<u>\$ 26,114,827</u>

**Long-Term Debt** – At the end of the current fiscal year, the City had total bonded debt outstanding of \$18,345,000. This amount is backed by the full faith and credit of the City. The City's total debt decreased approximately \$1,675,000, or 8%, during the fiscal year.

	2017	2016
Certificates of Obligation, Series 2005	\$ -	\$ 265,000
General Obligation Refunding Bonds, Series 2010	1,700,000	2,005,000
Tax Notes, Series 2012	80,000	160,000
General Obligation and Refunding Bonds, Series 2014	16,565,000	17,590,000

The City maintained its A1 rating from Moody's Investor Services during the recent Series 2014 bond issue process. The City has no legal debt limit provision in its charter.

More detailed information about the City's long-term liabilities is presented in Note 7 (pages 41-43) of the notes to the financial statements.

#### ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City's elected and appointed officials considered many factors when setting the fiscal year 2017 budget, tax rates, and fees that will be charged for the business-type activities. One of the most significant factors continues to be the City's recent revenue trends. The City's general fund revenue is primarily made up of property taxes, sales taxes, and franchise fees. Telephone and electric franchise fees stabilize somewhat in 2015 and again in 2016 but had a slight decrease in 2017. Sales tax revenues continue to make up the biggest source of primary revenue. After a substantial increase in 2015, which was reflective of a strong economy comeback and some substantial commercial growth, 2016 followed up with a solid 4.4% increase. 2017 had a smaller increase but continues to show the effect of a growing economy. Sales tax will always be continually monitored because of its volatile nature. A moderate increase over last year's budget was approved and management will keep close watch to see what effects the economy would have throughout the year.

The general fund's largest controllable revenue source is property taxes. The property tax rate during fiscal year 2017 was \$0.446837 per \$100 valuation, a decrease of \$0.02085 from 2016. Of this tax rate, \$0.322620 is utilized for general fund activities. The remaining amount of \$0.124217 is used for debt service. The rate for fiscal year 2017 was the effective tax rate. The City's portion of the sales tax rate is one and one-half cents, with an additional half cent for economic development. The general fund receives one and one-half cent with a half cent as an instrument of property tax reduction.

The City of Live Oak and surrounding Metrocom area had another prosperous year. Overall, the Metrocom area sustained fiscal stability throughout the struggles of the economy from 2008 through 2014. Texas and more precisely, the San Antonio area, has weathered the struggling economy and continued to perform better than many areas around the nation. Since 2015, the economy seemed to get back on a positive track nationwide. This area again continues to perform as good or better than any other area in the state or even the nation. The City enjoyed several grand openings of retail and food establishments since 2015. There are many more slated to open in 2018 and onward. Northeast Lakeview College, with their Alamo University Center, continued to offer undergraduate and graduate degree programs under one roof from three major universities. The Alamo University Center establishes Live Oak as a major hub for educational opportunities. The Judson Early College Academy (JECA) offers students with an opportunity to not only earn their high school degree, but they will have also have earned an equivalent to an associate's degree as well. Students will have the ability to transfer these college credits to almost any college of choice. Northeast Lakeview College has a plan to become a major, higher education player for the region in the future with over 15,000 students. The Eagle Ford Shale development, one of the nation's biggest oil and natural gas fields, has provided a tremendous economic impact to neighboring counties that has spilled over into this area. The oil industry has dramatically declined over the last couple of years but is in the process of making a comeback and is still considered to have a solid presence in the area.

Economic Outlook: Because the City is adjacent to the City of San Antonio, the local economy is anchored by what happens in the San Antonio Metropolitan Statistical Area. This area enjoys the benefit of a diversified economy. Major anchors of the economy in this area are the medical/biomedical industry, the military industry, tourism, telecommunications, insurance, financial and manufacturing. The national state of economy continues to show signs of stability and growth. As a result, commercial growth and sales tax receipts are back on a positive track.

#### REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the finance department, at the City of Live Oak, 8001 Shin Oak Drive, Live Oak, Texas 78233.

## **BASIC FINANCIAL STATEMENTS**

The basic financial statements include integrated sets of financial statements as required by the GASB. The sets of statements include:

- Government-Wide Financial Statements
- Fund Financial Statements
  - Governmental Funds
  - Proprietary Funds

In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

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CITY OF LIVE OAK, TEXAS  
STATEMENT OF NET POSITION  
SEPTEMBER 30, 2017

	<u>PRIMARY GOVERNMENT</u>			<u>COMPONENT UNIT</u>
	<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS-TYPE ACTIVITIES</u>	<u>TOTAL</u>	<u>LIVE OAK ECONOMIC DEVELOPMENT CORPORATION</u>
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 7,649,330	\$ 2,097,252	\$ 9,746,582	\$ 1,157,144
Investments	8,492,569	-	8,492,569	1,249,465
Receivables - Net of Allowances for Uncollectibles:				
Taxes	1,608,530	-	1,608,530	305,830
Customer Accounts	-	320,783	320,783	-
Due from Other Governments	6,500	40,026	46,526	-
Prepaid Items	114,631	-	114,631	205
Accrued Interest	22,351	-	22,351	3,956
Capital Assets				
Land	1,161,881	8,770	1,170,651	44,513
Water Rights	647,021	1,009,551	1,656,572	-
Buildings and Improvements	13,607,088	-	13,607,088	-
Streets and Improvements	14,209,705	-	14,209,705	-
Machinery and Equipment	7,533,601	1,717,878	9,251,479	26,330
Water and Wastewater System	-	9,800,082	9,800,082	-
Construction in Progress	266,869	-	266,869	-
Less: Accumulated Depreciation	<u>(17,743,568)</u>	<u>(7,481,924)</u>	<u>(25,225,492)</u>	<u>(15,798)</u>
TOTAL ASSETS	<u>37,576,508</u>	<u>7,512,418</u>	<u>45,088,926</u>	<u>2,771,645</u>
<u>DEFERRED OUTFLOW OF RESOURCES</u>				
Deferred Outflows Related to Pension	2,031,433	229,997	2,261,430	-
Deferred Charge on Bond Refunding	174,724	-	174,724	-
TOTAL DEFERRED OUTFLOW OF RESOURCES	<u>2,206,157</u>	<u>229,997</u>	<u>2,436,154</u>	<u>-</u>
<u>LIABILITIES</u>				
Accounts Payable	1,348,794	467,702	1,816,496	\$ 4,722
Accrued Liabilities	80,024	11,407	91,431	2,082
Due to Other Governments	54,206	-	54,206	-
Unearned Revenue	2,400	-	2,400	161,991
Customer Deposits	-	114,008	114,008	-
Accrued Interest Payable	112,601	-	112,601	-
Noncurrent Liabilities				
Due Within One Year	1,925,016	13,831	1,938,847	-
Due in More than One Year	18,215,662	41,491	18,257,153	-
Net Pension Liability	<u>6,552,528</u>	<u>796,092</u>	<u>7,348,620</u>	<u>-</u>
Total Liabilities	<u>28,291,231</u>	<u>1,444,531</u>	<u>29,735,762</u>	<u>168,795</u>
<u>DEFERRED INFLOW OF RESOURCES</u>				
Deferred Inflows Related to Pension	89,557	4,075	93,632	-
<u>NET POSITION</u>				
Net Investment in Capital Assets	337,900	5,054,357	5,392,257	55,045
Restricted				
Weed Abatement	6,747	-	6,747	-
Hotel Occupancy	1,084,992	-	1,084,992	-
Court Security and Technology	172,007	-	172,007	-
Forfeiture	78,380	-	78,380	-
Child Safety	86,942	-	86,942	-
Emergency Radio System	59,670	-	59,670	-
Public Education	222,457	-	222,457	-
Debt Service	372,025	-	372,025	-
Unrestricted	<u>8,980,757</u>	<u>1,239,452</u>	<u>10,220,209</u>	<u>2,547,805</u>
Total Net Position	<u>\$ 11,401,877</u>	<u>\$ 6,293,809</u>	<u>\$ 17,695,686</u>	<u>\$ 2,602,850</u>

(The Accompanying Notes are an Integral Part of these Financial Statements)

**CITY OF LIVE OAK, TEXAS**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED SEPTEMBER 30, 2017**

FUNCTIONS AND PROGRAMS	PRIMARY GOVERNMENT							COMPONENT UNIT
	EXPENSES	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION			LIVE OAK ECONOMIC DEVELOPMENT CORPORATION
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	
<b>Governmental Activities</b>								
General Government	\$ 5,832,574	\$ 1,028,765	\$ 12,345	\$ 20,000	\$ (4,771,464)	\$ -	\$ (4,771,464)	\$ -
Public Safety	7,141,799	669,876	32,500	-	(6,439,423)	-	(6,439,423)	-
Public Works	2,724,691	200,946	-	250,000	(2,273,745)	-	(2,273,745)	-
Community Services	236,786	63,893	-	-	(172,893)	-	(172,893)	-
Loss on Sale of Assets	50,497	-	-	-	(50,497)	-	(50,497)	-
Interest on Long-Term Debt	633,911	-	-	-	(633,911)	-	(633,911)	-
Total Governmental Activities	<u>16,620,258</u>	<u>1,963,480</u>	<u>44,845</u>	<u>270,000</u>	<u>(14,341,933)</u>	<u>-</u>	<u>(14,341,933)</u>	<u>-</u>
<b>Business-Type Activities</b>								
Water and Wastewater Utilities	3,322,107	3,285,822	-	147,337	-	111,052	111,052	-
Utility Development								
Replacement and Renewal	383,704	-	-	-	-	(383,704)	(383,704)	-
Storm Water Fund	477,189	526,365	-	-	-	49,176	49,176	-
Total Business-Type Activities	<u>4,183,000</u>	<u>3,812,187</u>	<u>-</u>	<u>147,337</u>	<u>-</u>	<u>(223,476)</u>	<u>(223,476)</u>	<u>-</u>
Total Primary Government	<u>\$ 20,803,258</u>	<u>\$ 5,775,667</u>	<u>\$ 44,845</u>	<u>\$ 270,000</u>	<u>(14,341,933)</u>	<u>(223,476)</u>	<u>(14,565,409)</u>	<u>-</u>
<b>Component Unit</b>								
Live Oak Economic Development Corporation	\$ 1,591,664	\$ -	\$ -	\$ -				1,591,664
<b>General Revenues</b>								
Taxes:								
Property Taxes					5,302,619	-	5,302,619	-
Sales Taxes					5,836,773	-	5,836,773	1,945,591
Franchise Taxes					1,143,688	-	1,143,688	-
Beverage Taxes					105,722	-	105,722	-
Occupancy Tax					596,882	-	596,882	-
Investment Earnings					158,707	16,534	175,241	25,542
Miscellaneous					79,793	8,802	88,595	-
Transfers					397,898	(397,898)	-	-
Total General Revenues and Transfers					<u>13,622,082</u>	<u>(372,562)</u>	<u>13,249,520</u>	<u>1,971,133</u>
Change in Net Position					(719,851)	(596,038)	(1,315,889)	379,469
Net Position at Beginning of Year					12,121,728	6,889,847	19,011,575	2,223,381
NET POSITION AT END OF YEAR					<u>\$ 11,401,877</u>	<u>\$ 6,293,809</u>	<u>\$ 17,695,686</u>	<u>\$ 2,602,850</u>

**CITY OF LIVE OAK, TEXAS**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2017**

	GENERAL	HOTEL/MOTEL OCCUPANCY FUND	2014 GENERAL OBLIGATION BOND FUND	DEBT SERVICE FUND	OTHER NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>ASSETS</b>						
Cash and Cash Equivalents	\$ 3,239,347	\$ 1,216,569	\$ 964,220	\$ 372,025	\$ 1,857,169	\$ 7,649,330
Investments	8,492,569	-	-	-	-	8,492,569
Receivables - Net of Allowances for Uncollectibles						
Property Taxes	35,769	-	-	12,797	-	48,566
Sales Taxes	917,489	-	-	-	-	917,489
Other	460,015	125,597	-	-	56,863	642,475
Due from Other Governments	-	-	-	-	6,500	6,500
Accrued Interest	22,351	-	-	-	-	22,351
Prepaid Items	114,631	-	-	-	-	114,631
<b>TOTAL ASSETS</b>	<b><u>\$ 13,282,171</u></b>	<b><u>\$ 1,342,166</u></b>	<b><u>\$ 964,220</u></b>	<b><u>\$ 384,822</u></b>	<b><u>\$ 1,920,532</u></b>	<b><u>\$ 17,893,911</u></b>
<b>LIABILITIES</b>						
Accounts Payable	\$ 486,429	\$ 257,174	\$ 527,574	\$ -	\$ 77,617	\$ 1,348,794
Accrued Liabilities	79,963	-	-	-	61	80,024
Due to Other Governments	54,206	-	-	-	-	54,206
Unearned Revenue	2,400	-	-	-	-	2,400
<b>Total Liabilities</b>	<b><u>622,998</u></b>	<b><u>257,174</u></b>	<b><u>527,574</u></b>	<b><u>-</u></b>	<b><u>77,678</u></b>	<b><u>1,485,424</u></b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred Revenue - Taxes	708,682	-	-	12,797	-	721,479
<b>FUND BALANCES</b>						
Nonspendable						
Prepaid Items	114,631	-	-	-	-	114,631
Restricted						
Special Revenue Funds	-	1,084,992	-	-	635,765	1,720,757
Weed Abatement	6,747	-	-	-	-	6,747
Debt Service	-	-	-	372,025	-	372,025
Capital Projects Funds	-	-	436,646	-	-	436,646
Committed						
Asset Replacement	2,482,170	-	-	-	-	2,482,170
Capital Projects Funds	-	-	-	-	1,207,089	1,207,089
Unassigned	9,346,943	-	-	-	-	9,346,943
<b>Total Fund Balances</b>	<b><u>11,950,491</u></b>	<b><u>1,084,992</u></b>	<b><u>436,646</u></b>	<b><u>372,025</u></b>	<b><u>1,842,854</u></b>	<b><u>15,687,008</u></b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b><u>\$ 13,282,171</u></b>	<b><u>\$ 1,342,166</u></b>	<b><u>\$ 964,220</u></b>	<b><u>\$ 384,822</u></b>	<b><u>\$ 1,920,532</u></b>	<b><u>\$ 17,893,911</u></b>

CITY OF LIVE OAK, TEXAS  
RECONCILIATION OF BALANCE SHEET  
GOVERNMENTAL FUNDS TO STATEMENT OF NET POSITION  
SEPTEMBER 30, 2017

<u>TOTAL FUND BALANCES – GOVERNMENTAL FUNDS</u>	\$	15,687,008
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		19,682,597
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.		2,752,912
Other long-term liabilities are not due and payable in the current period expenditures and, therefore, are deferred in the funds.		(89,557)
<p>Long-term liabilities are not due and payable in the current period and therefore, not reported in the funds:</p>		
Bonds Payable	\$	(18,345,000)
Premium on Bonds Sold		(1,436,343)
Compensated Absences		(359,335)
Accrued Interest on Bonds		(112,601)
Loss on Refunding		174,724
Pension Benefit Obligation		(6,552,528)
		(26,631,083)
 TOTAL NET POSITION OF GOVERNMENTAL ACTIVITIES		 <u>\$ 11,401,877</u>



CITY OF LIVE OAK, TEXAS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
GOVERNMENTAL FUNDS  
YEAR ENDED SEPTEMBER 30, 2017

	GENERAL	HOTEL/MOTEL OCCUPANCY FUND	2014 GENERAL OBLIGATION BOND FUND	DEBT SERVICE FUND	OTHER NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<u>REVENUES</u>						
Property Taxes	\$ 3,834,180	\$ -	\$ -	\$ 1,422,168	\$ -	\$ 5,256,348
Sales Taxes	5,836,773	-	-	-	-	5,836,773
Franchise Taxes	1,107,700	-	-	-	35,988	1,143,688
Beverage Taxes	105,722	-	-	-	-	105,722
Occupancy Taxes	-	596,882	-	-	-	596,882
Fines and Fees	388,364	-	-	-	57,882	446,246
Permits and Fees	248,451	-	-	-	-	248,451
Service Fees	100,704	-	-	-	40,080	140,784
Intergovernmental	394,283	-	-	733,716	44,845	1,172,844
Capital Contributions	20,000	-	-	-	250,000	270,000
Investment Earnings	114,666	6,695	24,278	3,239	9,829	158,707
Miscellaneous	133,492	-	-	-	700	134,192
Total Revenues	<u>12,284,335</u>	<u>603,577</u>	<u>24,278</u>	<u>2,159,123</u>	<u>439,324</u>	<u>15,510,637</u>
<u>EXPENDITURES</u>						
Current						
General Government	2,149,376	498,635	2,800,803	-	127,515	5,576,329
Public Safety	5,998,741	-	-	-	130,354	6,129,095
Public Works	1,867,775	-	-	-	2,466	1,870,241
Community Services	233,257	-	-	-	-	233,257
Debt Service						
Principal	-	-	-	1,675,000	-	1,675,000
Interest and Fiscal Charges	-	-	-	731,618	-	731,618
Capital Outlay	461,697	-	-	-	220,390	682,087
Total Expenditures	<u>10,710,846</u>	<u>498,635</u>	<u>2,800,803</u>	<u>2,406,618</u>	<u>480,725</u>	<u>16,897,627</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,573,489</u>	<u>104,942</u>	<u>(2,776,525)</u>	<u>(247,495)</u>	<u>(41,401)</u>	<u>(1,386,990)</u>
<u>OTHER FINANCING SOURCES (USES)</u>						
Transfers In	252,753	-	-	254,605	383,025	890,383
Transfers Out	(465,985)	-	-	-	(26,500)	(492,485)
Total Other Financing Sources (Uses)	<u>(213,232)</u>	<u>-</u>	<u>-</u>	<u>254,605</u>	<u>356,525</u>	<u>397,898</u>
Net Change in Fund Balance	1,360,257	104,942	(2,776,525)	7,110	315,124	(989,092)
<u>FUND BALANCES AT BEGINNING OF YEAR</u>	<u>10,590,234</u>	<u>980,050</u>	<u>3,213,171</u>	<u>364,915</u>	<u>1,527,730</u>	<u>16,676,100</u>
FUND BALANCES AT END OF YEAR	<u>\$ 11,950,491</u>	<u>\$ 1,084,992</u>	<u>\$ 436,646</u>	<u>\$ 372,025</u>	<u>\$ 1,842,854</u>	<u>\$ 15,687,008</u>

CITY OF LIVE OAK, TEXAS  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
- GOVERNMENTAL FUNDS TO CHANGE IN STATEMENT OF ACTIVITIES  
YEAR ENDED SEPTEMBER 30, 2017

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS \$ (989,092)

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

Governmental funds report capital outlays as expenditures (\$682,087). However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense (\$1,685,679). As well as the disposals of assets with remaining costs of (\$104,896). This is the amount by which depreciation expense exceeded capital outlays in the current period. (1,108,488)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 46,271

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any affect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items:

Principal Repayments 1,785,182

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

Loss on Refunding	(21,268)	
Compensated Absences	(109,028)	
Accrued Interest	8,793	
Net Pension Liability	<u>(332,221)</u>	<u>(453,724)</u>

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ (719,851)

**CITY OF LIVE OAK, TEXAS**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**SEPTEMBER 30, 2017**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			TOTAL
	MAJOR FUND	MAJOR FUND	NONMAJOR FUND	
	WATER AND WASTEWATER UTILITIES	STORM WATER FUND	UTILITY DEVELOPMENT REPLACEMENT AND RENEWAL	
<u>ASSETS</u>				
<u>CURRENT ASSETS</u>				
Cash and Cash Equivalents	\$ 682,146	\$ 475,420	\$ 939,686	\$ 2,097,252
Accounts Receivable, Net of Allowance				
Customer Accounts	272,031	48,484	-	320,515
Prepaid Expenses	268	-	-	268
Due from Other Governments	30,243	9,783	-	40,026
Total Current Assets	<u>984,688</u>	<u>533,687</u>	<u>939,686</u>	<u>2,458,061</u>
<u>NONCURRENT ASSETS</u>				
Capital Assets				
Land	8,770	-	-	8,770
Water Rights	1,009,551	-	-	1,009,551
Machinery and Equipment	1,526,287	191,591	-	1,717,878
Water and Wastewater System	9,800,082	-	-	9,800,082
Less: Accumulated Depreciation	(7,364,556)	(117,368)	-	(7,481,924)
Total Noncurrent Assets	<u>4,980,134</u>	<u>74,223</u>	<u>-</u>	<u>5,054,357</u>
Total Assets	<u>5,964,822</u>	<u>607,910</u>	<u>939,686</u>	<u>7,512,418</u>
<u>DEFERRED OUTFLOW OF RESOURCES</u>				
Deferred Outflow - Pension	160,172	69,825	-	229,997
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 6,124,994</u>	<u>\$ 677,735</u>	<u>\$ 939,686</u>	<u>\$ 7,742,415</u>
<u>LIABILITIES AND NET POSITION</u>				
<u>CURRENT LIABILITIES</u>				
Accounts Payable	\$ 347,000	\$ 17,286	\$ 103,416	\$ 467,702
Accrued Liabilities	7,371	4,036	-	11,407
Customer Deposits	114,008	-	-	114,008
Compensated Absences	10,515	3,316	-	13,831
Total Current Liabilities	<u>478,894</u>	<u>24,638</u>	<u>103,416</u>	<u>606,948</u>
<u>NONCURRENT LIABILITIES</u>				
Pension Benefit Liability	562,091	234,001	-	796,092
Compensated Absences	31,544	9,947	-	41,491
Total Noncurrent Liabilities	<u>593,635</u>	<u>243,948</u>	<u>-</u>	<u>837,583</u>
Total Liabilities	<u>1,072,529</u>	<u>268,586</u>	<u>103,416</u>	<u>1,444,531</u>
<u>DEFERRED INFLOW OF RESOURCES</u>				
Deferred Inflow - Pension	1,350	2,725	-	4,075
<u>NET POSITION</u>				
Net Investment in Capital Assets	4,980,134	74,223	-	5,054,357
Unrestricted	70,981	332,201	836,270	1,239,452
Total Net Position	<u>5,051,115</u>	<u>406,424</u>	<u>836,270</u>	<u>6,293,809</u>
TOTAL LIABILITIES, DEFERRED INFLOW, OF RESOURCES AND NET POSITION	<u>\$ 6,124,994</u>	<u>\$ 677,735</u>	<u>\$ 939,686</u>	<u>\$ 7,742,415</u>

(The Accompanying Notes are an Integral Part of these Financial Statements)

CITY OF LIVE OAK, TEXAS  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
YEAR ENDED SEPTEMBER 30, 2017

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			TOTAL
	MAJOR FUND WATER AND WASTEWATER UTILITIES	MAJOR FUND STORM WATER FUND	NONMAJOR FUND UTILITY DEVELOPMENT REPLACEMENT AND RENEWAL	
<u>OPERATING REVENUES</u>				
Water and Sewer Sales	\$ 2,594,366	\$ -	\$ -	\$ 2,594,366
Garbage Collection	598,528	-	-	598,528
Application and Connection Fees	47,433	-	-	47,433
Penalties and Fines	45,495	-	-	45,495
Miscellaneous Income	7,616	1,186	-	8,802
Stormwater Utility Fee	-	526,365	-	526,365
Total Operating Revenues	<u>3,293,438</u>	<u>527,551</u>	<u>-</u>	<u>3,820,989</u>
<u>OPERATING EXPENSES</u>				
Personnel	792,018	340,544	-	1,132,562
Supplies	114,623	4,268	4,222	123,113
Conferences and Training	5,658	-	-	5,658
Repairs and Maintenance	11,855	51,295	379,482	442,632
Utilities and Telephone	135,849	2,693	-	138,542
Insurance	14,525	-	-	14,525
Service Administration	24,003	51,063	-	75,066
Service Operating	1,800,914	-	-	1,800,914
Bad Debt Expense	91,931	-	-	91,931
Miscellaneous	897	749	-	1,646
Depreciation	329,834	26,577	-	356,411
Total Operating Expenses	<u>3,322,107</u>	<u>477,189</u>	<u>383,704</u>	<u>4,183,000</u>
Operating Income (Loss)	<u>(28,669)</u>	<u>50,362</u>	<u>(383,704)</u>	<u>(362,011)</u>
<u>NONOPERATING REVENUES (EXPENSES)</u>				
Capital Contribution	147,337	-	-	147,337
Investment Earnings	5,763	4,144	6,627	16,534
Total Nonoperating Revenues (Expenses)	<u>153,100</u>	<u>4,144</u>	<u>6,627</u>	<u>163,871</u>
Net Income (Loss) before Transfers	124,431	54,506	(377,077)	(198,140)
Transfer In	9,500	-	300,000	309,500
Transfer Out	(594,145)	(113,253)	-	(707,398)
Change in Net Position	(460,214)	(58,747)	(77,077)	(596,038)
<u>NET POSITION AT BEGINNING OF YEAR</u>	<u>5,511,329</u>	<u>465,171</u>	<u>913,347</u>	<u>6,889,847</u>
NET POSITION AT END OF YEAR	<u>\$ 5,051,115</u>	<u>\$ 406,424</u>	<u>\$ 836,270</u>	<u>\$ 6,293,809</u>

CITY OF LIVE OAK, TEXAS  
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS  
YEAR ENDED SEPTEMBER 30, 2017

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			TOTAL
	MAJOR FUND	MAJOR FUND	NONMAJOR FUND	
	WATER AND WASTEWATER UTILITIES	STORM WATER FUND	UTILITY DEVELOPMENT REPLACEMENT AND RENEWAL	
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>				
Cash Received from Customers and Users	\$ 3,356,034	\$ 549,361	\$ -	\$ 3,905,395
Cash Paid to Employees for Services	(752,147)	(324,387)	-	(1,076,534)
Cash Paid to Supplier for Goods and Services	(2,049,102)	(116,105)	(332,137)	(2,497,344)
Net Cash Provided by (Used in)				
Operating Activities	<u>554,785</u>	<u>108,869</u>	<u>(332,137)</u>	<u>331,517</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>				
Transfers from Other Funds	-	-	300,000	300,000
Transfers to Other Funds	(598,265)	(99,633)	-	(697,898)
Net Cash Provided by (Used in) Noncapital Financing Activities	<u>(598,265)</u>	<u>(99,633)</u>	<u>300,000</u>	<u>(397,898)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>				
Interest and Investment Earnings	<u>5,763</u>	<u>4,144</u>	<u>6,627</u>	<u>16,534</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(37,717)	13,380	(25,510)	(49,847)
<u>CASH AND CASH EQUIVALENTS - BEGINNING</u>	<u>719,863</u>	<u>462,040</u>	<u>965,196</u>	<u>2,147,099</u>
CASH AND CASH EQUIVALENTS - ENDING	<u>\$ 682,146</u>	<u>\$ 475,420</u>	<u>\$ 939,686</u>	<u>\$ 2,097,252</u>

(CONTINUED)

CITY OF LIVE OAK, TEXAS  
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS (CONTINUED)  
YEAR ENDED SEPTEMBER 30, 2017

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			TOTAL
	MAJOR FUND	MAJOR FUND	NONMAJOR FUND	
	WATER AND WASTEWATER UTILITIES	STORM WATER FUND	UTILITY DEVELOPMENT REPLACEMENT AND RENEWAL	
<u>RECONCILIATION OF OPERATING INCOME TO NET</u>				
<u>CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</u>				
Operating Income (Loss)	\$ (28,669)	\$ 50,362	\$ (383,704)	\$ (362,011)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities				
Depreciation	329,834	26,577	-	356,411
Changes in Assets and Liabilities				
Decrease (Increase) in Assets				
Customer Receivable	166,120	21,797	-	187,917
Due from Other Governments	7	13	-	20
Increase (Decrease) in Liabilities				
Accounts Payable and Accrued Liabilities	59,222	(6,037)	51,567	104,752
Customer Deposits	(11,600)	-	-	(11,600)
Net Pension Liability	28,497	11,113	-	39,610
Compensated Absences	11,374	5,044	-	16,418
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>\$ 554,785</u>	<u>\$ 108,869</u>	<u>\$ (332,137)</u>	<u>\$ 331,517</u>
<u>SCHEDULE OF NONCASH CAPITAL ACTIVITIES</u>				
Actuarially Determined Change in Net Pension Liability	\$ 8,507	\$ 2,456	\$ -	\$ 10,963

## **NOTES TO BASIC FINANCIAL STATEMENTS**

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CITY OF LIVE OAK, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Live Oak, Texas, are presented in accordance with generally accepted accounting principles (GAAP) applicable to state and local governmental units as set forth by the Government Accounting Standards Board (GASB). A summary of the City's significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

A. Reporting Entity

The City, for financial purposes, includes all of the activities and funds relevant to the operations of the City of Live Oak. These operations include the police department, fire department, municipal court, street department, animal control, parks and recreation, community development, and economic development.

The governmental reporting entity consists of the City and its component unit. Blended component units, although legally separate entities, are, in substance, part of the government's operations, and data from these units are combined with the data of the primary government. Discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the government. The City has one discretely component unit with a September 30 fiscal year end.

*Discretely Presented Component Unit*

The City of Live Oak Economic Development Corporation (LOEDC) is governed by a seven-member board, consisting of three council members and four others appointed by city council. The LOEDC is focused on building economic prosperity in the City of Live Oak. The LOEDC is funded through a half cent Section 4B sales tax. The LOEDC provides direct services and benefits to the City of Live Oak, its business community, and citizens and functions as an integral part of the City's operations by promoting and incentivizing economic growth and development for the community. The LOEDC and the City of Live Oak have both a financial and operational relationship which requires that the LOEDC's financial statements be discretely presented into the City's financial statements. Separate financial statements are not issued for the LOEDC.

B. Government-Wide Fund Financial Statements

Government-Wide Financial Statements: Report information on all of the activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Government activities, which normally are supported by taxes and intergovernmental revenue, are reported separately from business-like activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenue includes (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenue are reported instead as general revenue.

Separate Fund Financial Statements: Are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

CITY OF LIVE OAK, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Government fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenue to be available if collected within 30 (thirty) days of the end of the current fiscal period. Expenditures generally are recorded when a liability is 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.

Property taxes, franchise taxes, sales taxes, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

**Governmental funds** are those through which most governmental functions of the City are financed. The acquisition, use, and balances of the City's expendable financial resources and the related liabilities (except those accounted for in the proprietary fund type) are accounted for through governmental funds. The measurement focus is based upon determination of changes in financial position, rather than upon net income determination.

The City has the following major governmental funds:

**The General Fund** is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

**The Hotel Motel Occupancy Fund** is used to account for the receipt and disbursement of funds received primarily from hotel motel taxes.

**The 2014 General Obligation Bond Fund** is used to account for the acquisition and construction of major capital asset projects financed through the issuance of general obligation bonds.

**The Debt Service Fund** is used to account for ad valorem tax assessed for the purpose of servicing general obligation debt.

**Proprietary funds** are used to account for activities that are similar to those often found in the private sector. The measurement focus is upon determination of net income and capital maintenance.

The City reports the following major proprietary funds:

**The Water and Wastewater Utilities Fund** is used to account for activities of the City's water and wastewater operations.

CITY OF LIVE OAK, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

**Storm Water Fund** is used to track funds and investment earnings put aside for storm water operations.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's water and wastewater function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenue reported for the various functions concerned.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Cash and Cash Equivalents

Cash and cash equivalents include cash deposits and investments with a maturity date within three (3) months of the date acquired by the City.

E. Investments

State statutes authorize the City to invest in (a) obligations of the United States or its agencies and instrumentalities; (b) direct obligations of the State of Texas or its agencies; (c) other obligations, the principal and interest of which are unconditionally guaranteed or insured by the State of Texas or the United States; (d) obligations of states, agencies, counties, cities, and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than A or its equivalent; (e) certificates of deposit by state and national banks domiciled in this state that are (i) guaranteed or insured by the Federal Deposit Insurance Corporation, or its successor; or, (ii) secured by obligations that are described by (a) - (d). Statutes also allow investing in local government investment pools organized and rated in accordance with the Interlocal Cooperation Act, whose assets consist exclusively of the obligations of the United States or its agencies and instrumentalities and repurchase assessments involving those same obligations.

Investments are stated at fair value and categorized by using the fair value hierarchy established by generally accepted accounting principles. The fair value framework uses a hierarchy that prioritizes the inputs to the valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

CITY OF LIVE OAK, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Investments (Continued)

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the City has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets.
- Quoted prices for identical or similar assets or liabilities in inactive markets.
- Inputs other than quoted prices that are observable for the asset or liability.
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

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

The valuation methodologies described above may produce a fair value calculation that may not be indicative of net realizable values or reflective of future fair values. Furthermore, while the City believes its valuation methods are appropriate and consistent with those of other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

F. Receivables and Payables

All trade and property tax receivables are shown net of an allowance for uncollectibles. Trade accounts receivable in excess of 180 days comprise the trade accounts receivable allowance for uncollectibles. The property tax receivable allowance is equal to outstanding accounts from 2008 and older as of September 30, 2017.

The City's property taxes are levied annually in October on the basis of the appraisal district's assessed values as of January 1 of that calendar year. Appraised values are established by the appraisal district at market value and assessed at 100% of appraised value less exemptions. The City's property taxes are billed and collected by the Bexar County Tax Assessor/Collector. Such taxes are applicable to the fiscal year in which they are levied and become delinquent with an enforceable lien on property on February 1 of the subsequent calendar year. Penalties and interest on unpaid taxes are calculated at the rate of 1.5% per month of delinquency.

CITY OF LIVE OAK, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Receivables and Payables (Continued)

Activity between funds that are representative lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the noncurrent portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances”.

G. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Prepaids of governmental funds are recorded as expenditures when consumed rather than when purchased.

H. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The City defines capital assets as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets’ lives are not capitalized.

General infrastructure assets acquired prior to October 1, 2003, are not reported in the basic financial statements. General infrastructure assets include all streets and other infrastructure assets acquired subsequent to October 1, 2003.

Property, plant and equipment are depreciated using the straight-line method over the following estimated useful lives:

<u>ASSET</u>	<u>YEARS</u>
Buildings	30 Years
Improvements other than Buildings	30 Years
Equipment	5-10 Years
Water and Sewer System	50 Years

Interest is capitalized on proprietary fund assets acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing unit completion of the project with interest earned on invested proceeds over the same period.

CITY OF LIVE OAK, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Compensated Absences

The City's employees earn vacation and sick leave which may either be taken or accumulated, up to certain amounts. Only unused vacation will be paid upon resignation or retirement. Vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

J. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Loss on refunding and bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method, which approximates the effective interest method. Bonds payable are reported net of the applicable loss on refunding, bond premium, and bond discount. Bond issuance costs are reported as expenses of the current period.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts are reported as other financing uses. Issuance costs, even if withheld from the actual net proceeds received, are reported as expenditures.

K. Fund Balance

The City has implemented GASB Statement 54 "*Fund Balance Reporting and Governmental Fund Type Definitions*". This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance - amounts that are not in a spendable form (such as prepaids) or are required to be maintained intact;
- Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- Committed fund balance - include amounts that can only be used for specific purposes determined by a formal action of the City's highest level of decision-making authority. The city council is the highest level of decision-making that can, by adoption of a resolution, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.
- Assigned fund balance - for funds to be assigned, there must be an intended use which can be established by the council or an official designated by the council, such as a city manager or finance director. Assigned fund balance is delegated by the city council to the director of finance.
- Unassigned fund balance - amounts that are available for any purpose, positive amounts are reported only in the general fund.

CITY OF LIVE OAK, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Fund Balance (Continued)

When expenditures are incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When expenditures are incurred for which committed, assigned or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the City's council or its designated official has provided otherwise in its commitments or assignment actions.

L. Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed by creditors, grantors or laws or regulations of other governments.

M. Estimates

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

NOTE 2: DEPOSITS AND INVESTMENTS

As of September 30, 2017, the City had the following investments:

<u>INVESTMENT TYPE</u>	<u>FAIR VALUE</u>	<u>WEIGHTED AVERAGE MATURITY (YEARS)</u>
<b>The City of Live Oak</b>		
U.S. Agency Securities	\$ 5,040,120	1.40
Certificates of Deposit	3,455,619	1.37
Municipal Bonds	92,209	1.00
TexPool (Local Government Investment Pool)	<u>9,320,437</u>	0.10
	<u>\$ 17,908,385</u>	
Portfolio Weighted Average Maturity		0.716
<b>Discretely Presented Component Unit</b>		
<b>Live Oak Economic Development Corporation</b>		
U.S. Agency Securities	\$ 677,314	1.40
Certificates of Deposit	464,381	1.37
Municipal Bonds	12,391	1.00
TexPool (Local Government Investment Pool)	<u>1,252,523</u>	0.10
	<u>\$ 2,406,609</u>	
Portfolio Weighted Average Maturity		0.716

CITY OF LIVE OAK, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2017

NOTE 2: DEPOSITS AND INVESTMENTS (CONTINUED)

*Interest Rate Risk.* In accordance with its investment policy, the City manages its exposure to declines in fair values by limiting the weighted average maturity of its operating investment portfolio to less than one year. The City's investment policy limits the final stated maturity of any security to no more than five years. As a matter of policy, the City holds all investments to maturity.

*Credit Risk.* The state comptroller of public accounts exercises oversight responsibility over TexPool, a local government investment pool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. TexPool uses amortized cost rather than fair value to report net position to compute share prices. Accordingly, the fair value of the position in TexPool is the same as the value of TexPool shares. TexPool is rated AAAM by Standard & Poors.

*Custodial Credit Risk - Deposits.* In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. As of September 30, 2017, the City's cash on hand was \$3,769. The carrying amount of deposits was \$326,997 and the bank balance was \$522,412. The City maintains its cash balances at Frost Bank. Funds held at participating financial institutions have unlimited FDIC coverage for all non-interest bearing accounts, and \$250,000 FDIC coverage for interest bearing accounts, including certificates of deposit. Therefore, the bank balance was covered by federal deposit insurance and the City's depository had pledged securities having a market value of \$1,912,571 as collateral for the City's deposits. Funds were fully insured and collateralized.

*Custodial Credit Risk - Investments.* For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All of the government securities owned by the City are held by its agent in the City's name.

*Concentration of Credit Risk.* The city's investments consisted of 9% invested in the Federal Farm Credit Bank, 7% invested in the Federal Home Loan Mortgage Corporation, and 9% invested in the Federal Home Mortgage Association. The remaining 56% of the City's investments are invested in external investment pools, brokered bank certificate of deposits, municipal bonds, and Federal Home Loan Bank notes.

*Investment Valuation.* The City categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of assets. The City's investments for all funds at fiscal year-end are listed below at fair value, net of accruals. The City has the following recurring fair value measurements as of September 30, 2017:



CITY OF LIVE OAK, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2017

NOTE 2: DEPOSITS AND INVESTMENTS (CONTINUED)

	September 30, 2017		Level 1	Level 2	Level 3
	The City of Live Oak	Discretely Presented Component Unit LOEDC			
Investment by fair value level:					
CDs	\$ 3,455,619	\$ 464,381	\$ -	\$3,920,000	\$ -
Municipal Bonds	92,209	12,391	\$ -	\$ 104,600	\$ -
Debt Securities					
Federal Farm Credit Bank	1,623,615	218,189	-	1,841,804	-
Federal Home Loan Bank	641,773	86,244	-	728,017	-
Federal Home Loan Mortgage Corpora	1,189,211	159,812	-	1,349,023	-
Federal Home Mortgage Association	<u>1,585,521</u>	<u>213,069</u>	-	1,798,590	-
Total Debt Securities	<u>5,040,120</u>	<u>677,314</u>	-	<u>5,717,434</u>	-
Total investments at fair value:	<u>8,587,948</u>	<u>1,154,086</u>	<u>\$ -</u>	<u>\$9,742,034</u>	<u>\$ -</u>
Investments measured at amortized cost:					
External investment pools - TexPool	<u>9,320,437</u>	<u>1,252,523</u>			
Total investments at amortized cost	<u>9,320,437</u>	<u>1,252,523</u>			
Total investments	<u>\$17,908,385</u>	<u>\$ 2,406,609</u>			

*Investment Policy.* The City Council has adopted a written investment policy regarding the investments of its funds as defined by the Public Funds Act of 1995 (Chapter 2256, Texas Government Code). The City's investment policy requires all deposits to be fully collateralized. Investments held in pools shall be continuously rated no lower than AAA or AAAM or at an equivalent rating by at least one nationally recognized rating service. The investments of the City are in compliance with the Council's investment policies. All significant legal and contractual provisions for investments were complied with during the year. Investments at year-end are representative of the types of investments maintained by the City during the year.

Public funds investment pools in Texas (Pools) are established under the authority of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act (the Act), Chapter 2256 of the Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires Pools to: (1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; (2) maintain a continuous rating of no lower than AAA or AAAM (or equivalent) rating by at least one nationally recognized rating service; and (3) maintain the fair value of its underlying investment portfolio within one-half of one percent of the value of its shares.

CITY OF LIVE OAK, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2017

NOTE 3: RECEIVABLES

Receivables as of year end for the government's individual major funds and nonmajor funds and the enterprise major fund and nonmajor fund, including the applicable allowances for uncollectible accounts, are as follows:

	GOVERNMENTAL FUNDS			PROPRIETARY FUNDS		TOTAL	DISCRETELY PRESENTED COMPONENT UNIT
	GENERAL	HOTEL/MOTEL OCCUPANCY FUND	DEBT SERVICE FUND	OTHER FUNDS	WATER AND WASTEWATER UTILITIES		STORM WATER FUND
Receivables							
Property Taxes	\$ 52,673	\$ -	\$ 17,982	\$ -	\$ -	\$ -	\$ 70,655
Sales Taxes	917,489	-	-	-	-	-	917,489
Occupancy Taxes	-	125,597	-	-	-	-	125,597
Franchise Taxes	266,376	-	-	-	-	-	266,376
Customer Accounts	61,904	-	-	-	378,762	48,484	489,150
Court Fines	526,941	-	-	-	-	-	526,941
Other	-	-	-	56,863	20,043	-	76,906
Gross Receivables	1,825,383	125,597	17,982	56,863	398,805	48,484	2,473,114
Less: Allowance for Uncollectibles	(412,110)	-	(5,185)	-	(126,774)	-	(544,069)
NET TOTAL RECEIVABLES	<u>\$ 1,413,273</u>	<u>\$ 125,597</u>	<u>\$ 12,797</u>	<u>\$ 56,863</u>	<u>\$ 272,031</u>	<u>\$ 48,484</u>	<u>\$ 1,929,045</u>
							<u>\$ 305,830</u>

NOTE 4: PROPERTY TAX

Taxes are levied on and payable as of October 1. The City has contracted with the Bexar County Tax Assessor/Collector to collect taxes on its behalf. Current year taxes become delinquent February 1. Current year delinquent taxes not paid by July 1 are turned over to attorneys for collection action.

For fiscal year 2017, the assessed tax rate for the City was \$0.446837 per \$100 on an assessed valuation of \$1,217,218,698. This is broken out as \$0.322620 per \$100 for maintenance and operations and \$0.124217 per \$100 for debt retirement. Total tax levy for fiscal year 2017 is \$5,320,407. As of September 30, 2017, the delinquent current taxes for 2017 were \$70,655.

CITY OF LIVE OAK, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2017

NOTE 5: CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2017, was as follows:

	BEGINNING BALANCE	INCREASES	DELETIONS	ENDING BALANCE
<u>Governmental Activities</u>				
Capital Assets not being Depreciated				
Land	\$ 1,161,881	\$ -	\$ -	\$ 1,161,881
Water Rights	647,021	-	-	647,021
Construction in Progress	<u>252,716</u>	<u>14,153</u>	-	<u>266,869</u>
Total Capital Assets not being Depreciated	<u>2,061,618</u>	<u>14,153</u>	-	<u>2,075,771</u>
Capital Assets being Depreciated				
Buildings and Improvements	13,527,859	79,229	-	13,607,088
Streets and Improvements	14,136,305	73,400	-	14,209,705
Machinery and Equipment	<u>7,340,916</u>	<u>515,305</u>	<u>(322,620)</u>	<u>7,533,601</u>
Total Capital Assets being Depreciated	<u>35,005,080</u>	<u>667,934</u>	<u>(322,620)</u>	<u>35,350,394</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(6,187,442)	(494,809)	-	(6,682,251)
Streets and Improvements	(4,920,143)	(653,609)	-	(5,573,752)
Machinery and Equipment	<u>(5,168,028)</u>	<u>(537,261)</u>	<u>217,724</u>	<u>(5,487,565)</u>
Total Accumulated Depreciation	<u>(16,275,613)</u>	<u>(1,685,679)</u>	<u>217,724</u>	<u>(17,743,568)</u>
 Total Capital Assets being Depreciated - Net	 <u>18,729,467</u>	 <u>(1,017,745)</u>	 <u>(104,896)</u>	 <u>17,606,826</u>
 GOVERNMENTAL ACTIVITIES CAPITAL ASSETS - NET	 <u>\$ 20,791,085</u>	 <u>\$ (1,003,592)</u>	 <u>\$ (104,896)</u>	 <u>\$ 19,682,597</u>
<u>Business-Type Activities</u>				
Capital Assets not being Depreciated				
Land	\$ 8,770	\$ -	\$ -	\$ 8,770
Water Rights	<u>862,214</u>	<u>147,337</u>	-	<u>1,009,551</u>
Total Capital Assets not being Depreciated	<u>870,984</u>	<u>147,337</u>	-	<u>1,018,321</u>
Capital Assets being Depreciated				
Machinery and Equipment	1,717,877	-	-	1,717,877
Water and Wastewater System	<u>9,800,082</u>	-	-	<u>9,800,082</u>
Total Capital Assets being Depreciated	<u>11,517,959</u>	-	-	<u>11,517,959</u>
Less Accumulated Depreciation:				
Machinery and Equipment	(1,286,250)	(126,188)	-	(1,412,438)
Water and Wastewater System	<u>(5,839,262)</u>	<u>(230,223)</u>	-	<u>(6,069,485)</u>
Total Accumulated Depreciation	<u>(7,125,512)</u>	<u>(356,411)</u>	-	<u>(7,481,923)</u>
 Total Capital Assets being Depreciated - Net	 <u>4,392,447</u>	 <u>(356,411)</u>	 -	 <u>4,036,036</u>
 BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS - NET	 <u>\$ 5,334,804</u>	 <u>\$ (209,074)</u>	 <u>\$ -</u>	 <u>\$ 5,054,357</u>

CITY OF LIVE OAK, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2017

NOTE 5: CAPITAL ASSETS (CONTINUED)

	BEGINNING BALANCE	INCREASES	DELETIONS	ENDING BALANCE
<u>Discretely Presented Component Unit</u>				
<u>Live Oak Economic Development Corporation</u>				
Capital Assets not being Depreciated				
Land	\$ 44,513	\$ -	\$ -	\$ 44,513
Capital Assets being Depreciated				
Machinery and Equipment	26,330	-	-	26,330
Less Accumulated Depreciation:				
Machinery and Equipment	(10,532)	(5,266)	-	(15,798)
 Total Capital Assets being Depreciated - Net	 15,798	 (5,266)	 -	 10,532
 LIVE OAK ECONOMIC DEVELOPMENT CORPORATION CAPITAL ASSETS - NET	 \$ 60,311	 \$ (5,266)	 \$ -	 \$ 55,045

Depreciation expense was charged to functions/programs of the government as follows:

Governmental Activities

General Government	\$ 146,715
Public Safety	731,542
Public Works	804,983
Community Leisure	2,439
 TOTAL DEPRECIATION EXPENSE - GOVERNMENTAL ACTIVITIES	 \$ 1,685,679

Business-Type Activities

Water and Wastewater Utilities	\$ 356,411
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Discretely Presented Component Unit

Live Oak Economic Development Corporation

General Government	\$ 5,266
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CITY OF LIVE OAK, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2017

NOTE 6: INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of September 30, 2017 is as follows:

The following schedule briefly summarizes the City's transfer activity:

<u>TRANSFERS IN</u>	<u>TRANSFERS OUT</u>	<u>AMOUNT</u>	<u>PURPOSE</u>
General	Water and Wastewater Utilities	\$ 122,500	Subsidy for Administrative Expenditures
General	Storm Water Fund	103,753	Subsidy for Administrative Expenditures
General	Nonmajor Governmental	26,500	Support Fees
Water and Wastewater Utilities Debt Service	Storm Water Fund	9,500	Support Fees
Debt Service	Water and Wastewater Utilities	171,645	Funding for Debt Service
Nonmajor Governmental	General	82,960	Funding for Debt Service
Nonmajor Utility	General	383,025	For Capital Projects
	Water and Wastewater Utilities	<u>300,000</u>	Capital Asset Purchasing
TOTAL		<u>\$1,199,883</u>	

NOTE 7: LONG-TERM DEBT

The City issues a variety of long-term debt instruments in order to acquire and/or construct major capital facilities and equipment for governmental activities. These instruments include general obligation bonds, certificates of obligation and tax notes. These debt obligations are secured by either future property or hotel tax revenue or liens on property and equipment.

A. Bonds Payable, Certificates of Obligation, and Tax Notes

A summary of the terms of general obligation bonds, combination tax and revenue certificates of obligation, and tax notes outstanding at September 30, 2017, follows:

<u>SERIES AND ORIGINAL ISSUE AMOUNT</u>	<u>FINAL MATURITY</u>	<u>INTEREST RATE</u>	<u>GOVERNMENTAL ACTIVITIES</u>	
Combination Tax and Limited Pledged Revenue Certificates of Obligation Series 2005	\$ 5,200,000	2017	4.25% - 4.5%	\$ -
General Obligation Refunding Bonds, Series 2010	3,400,000	2022	3.064%	1,700,000
Tax Notes, Series 2012	1,155,000	2018	0.85 - 1.95%	80,000
General Obligation and Refunding Bonds, Series 2014	19,515,000	2034	2.0% - 4.0%	<u>16,565,000</u>
TOTAL BONDS, CERTIFICATES OF OBLIGATIONS, AND TAX NOTES				<u>\$ 18,345,000</u>

CITY OF LIVE OAK, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2017

NOTE 7: LONG-TERM DEBT (CONTINUED)

**B. Debt Service Requirements**

Annual debt service requirements for bonds and certificates of obligation are as follows:

FISCAL YEAR ENDING SEPTEMBER 30,	GOVERNMENTAL ACTIVITIES		
	PRINCIPAL	INTEREST	TOTAL
2018	\$ 1,725,000	\$ 675,605	\$ 2,400,605
2019	1,695,000	624,489	2,319,489
2020	1,735,000	587,129	2,322,129
2021	1,795,000	520,910	2,315,910
2022	1,870,000	452,385	2,322,385
2023-2027	5,100,000	1,370,800	6,470,800
2028-2032	3,035,000	651,600	3,686,600
2033-2034	<u>1,390,000</u>	<u>84,000</u>	<u>1,474,000</u>
TOTALS	<u>\$ 18,345,000</u>	<u>\$ 4,966,918</u>	<u>\$ 23,311,918</u>

**C. Federal Arbitrage**

General obligation bonds, combination tax and revenue bonds, and certificates of obligation are subject to the provisions of the Internal Revenue Code of 1986 related to arbitrage and interest income tax regulations under those provisions. The City does not have any arbitrage as of September 30, 2017.

**D. Changes in Long-Term Debt**

	BALANCE 9/30/2016	ADDITIONS	REDUCTIONS	BALANCE 9/30/2017	DUE WITHIN ONE YEAR
<u>Primary Government</u>					
Governmental Activities					
General Obligation Bonds	\$ 19,595,000	\$ -	\$ (1,330,000)	\$ 18,265,000	\$ 1,645,000
Certificates of Obligation	265,000	-	(265,000)	-	-
Tax Notes	160,000	-	(80,000)	80,000	80,000
Compensated Absences	250,307	171,605	(62,577)	359,335	89,834
Deferred Amounts for: Issuance Premium	<u>1,546,525</u>	<u>-</u>	<u>(110,182)</u>	<u>1,436,343</u>	<u>110,182</u>
TOTAL GOVERNMENTAL ACTIVITIES	<u>\$ 21,816,832</u>	<u>\$ 171,605</u>	<u>\$ (1,847,759)</u>	<u>\$ 20,140,678</u>	<u>\$ 1,925,016</u>
Business-Type Activities					
Compensated Absences Payable	<u>\$ 38,904</u>	<u>\$ 26,144</u>	<u>\$ (9,726)</u>	<u>\$ 55,322</u>	<u>\$ 13,831</u>
TOTAL BUSINESS-TYPE ACTIVITIES	<u>\$ 38,904</u>	<u>\$ 26,144</u>	<u>\$ (9,726)</u>	<u>\$ 55,322</u>	<u>\$ 13,831</u>

The compensated absences and the net pension obligation liabilities attributable to the governmental activities will be liquidated primarily by the general fund. The Certificates of Obligation, Series 2005 were issued for city facilities. The General Obligation Refunding Bonds, Series 2010 refunded General Obligation Bonds, Series 2002, which were issued for city facilities. The Tax Notes, Series 2012 were issued for water rights and an emergency radio system. The General Obligation Bonds, Series 2014, were issued for road and park projects and to refund the General Obligation Bonds, Series 2004 and a portion of the Certificates of Obligation Bonds, Series 2005.

CITY OF LIVE OAK, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2017

NOTE 7: LONG-TERM DEBT (CONTINUED)

D. Changes in Long-Term Debt (Continued)

For fiscal year 2015, the City issued General Obligation and Refunding Bonds, Series 2014 for \$19,515,000 to refund the General Obligation Bonds, Series 2004 and to partially refund the Certificates of Obligation, Series 2005 in the amount of \$9,430,000 by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the City's financial statements. The reacquisition price exceeded the net carrying amount of the old debt by \$149,455. This amount is being deferred and amortized over the life of the refunded debt. As a result of the refunding, the City reduced its total debt service requirements by \$1,613,321 which resulted in an economic gain of \$1,396,440 (net present value). At September 30, 2017, the outstanding balance of the defeased bonds is \$0. The General Obligation and Refunding Bonds, Series 2014 also included \$10,085,000 of new bond money for construction projects.

NOTE 8: EMPLOYEE RETIREMENT SYSTEM

A. Plan Description

The City participates as one of 872 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at [www.tmr.com](http://www.tmr.com).

All eligible employees of the City are required to participate in TMRS.

B. Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the City-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payments options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. Members are eligible to retire at age sixty (60) and above with five (5) or more years of service or with twenty-five (25) years of service regardless of age. A member is vested after five (5) years. The contribution rate for the employees is 6%, and the City matching percent is currently 2 to 1.

CITY OF LIVE OAK, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2017

NOTE 8: EMPLOYEE RETIREMENT SYSTEM (CONTINUED)

B. Benefits Provided (Continued)

**Employees Covered by Benefit Terms**

At the December 31, 2016 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	57
Inactive employees entitled to but not yet receiving benefits	55
Active employees	<u>112</u>
Total	224

C. Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the City matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 17.62% and 17.40% for calendar years 2016 and 2017 respectively. The City's contributions to TMRS for the year ended September 30, 2017 and 2016 were \$1,203,480 and \$1,233,310, and exceeded the required contributions by \$90,000 in 2017 and \$90,000 in 2016.

D. Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2016, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

**Actuarial assumptions:**

The Total Pension Liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall Payroll Growth	3.0% per year
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with males rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.



CITY OF LIVE OAK, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2017

NOTE 8: EMPLOYEE RETIREMENT SYSTEM (CONTINUED)

D. Net Pension Liability (Continued)

Actuarial assumptions used in the December 31, 2016, valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period December 31, 2010 through December 31, 2014. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of real rates of return for each major asset class are summarized in the following table:

<u>ASSET CLASS</u>	<u>TARGET ALLOCATION</u>	<u>LONG-TERM EXPECTED REAL RATE OF RETURN (ARITHMETIC)</u>
Domestic Equity	17.5%	4.55%
International Equity	17.5%	6.35%
Core Fixed Income	10.0%	1.00%
Non-Core Fixed Income	20.0%	4.15%
Real Return	10.0%	4.15%
Real Estate	10.0%	4.75%
Absolute Return	10.0%	4.00%
Private Equity	<u>5.0%</u>	7.75%
Total	100.0%	

CITY OF LIVE OAK, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2017

NOTE 8: EMPLOYEE RETIREMENT SYSTEM (CONTINUED)

D. Net Pension Liability (Continued)

**Discount Rate**

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

**Changes in the Net Pension Liability**

	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at December 31, 2015	\$ 35,419,923	\$ 28,333,632	\$ 7,086,291
Changes for the year:			
Service Cost	1,086,530	-	1,086,530
Interest	2,395,426	-	2,395,426
Change of Benefit Terms	-	-	-
Difference Between Expected and Actual Experience	298,495	-	298,495
Changes of Assumptions	-	-	-
Contributions - Employer	-	1,188,375	(1,188,375)
Contributions - Employee	-	436,358	(436,358)
Net Investment Income	-	1,916,181	(1,916,181)
Benefit Payments, Including Refunds of Employee Contributions	(950,786)	(950,786)	-
Administrative Expense	-	(21,626)	21,626
Other Changes	-	(1,165)	1,165
Net Changes	<u>2,829,665</u>	<u>2,567,337</u>	<u>262,328</u>
Balance at December 31, 2016	<u>\$ 38,249,588</u>	<u>\$ 30,900,969</u>	<u>\$ 7,348,619</u>

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

The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, 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 (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

<u>1% Decrease in Discount Rate (5.75%)</u>	<u>Discount Rate (6.75%)</u>	<u>1% Increase in Discount Rate (7.75%)</u>
\$ 13,029,569	\$ 7,348,619	\$ 2,700,854

**Pension Plan Fiduciary Net Position**

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at [www.tmr.com](http://www.tmr.com).

CITY OF LIVE OAK, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2017

NOTE 8: EMPLOYEE RETIREMENT SYSTEM (CONTINUED)

E. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2017, the City recognized pension expense of \$1,568,322.

At September 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Economic Experience	\$ -	\$ 100,146
Changes in Actuarial Assumptions	85,158	-
Difference Between Projected and Actual Investment Earnings	1,256,689	-
Contributions Subsequent to the Measurement Date	<u>926,097</u>	<u>-</u>
Total	<u>\$ 2,267,944</u>	<u>\$ 100,146</u>

The City reported \$926,097 as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2017. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

2017	\$	412,453
2018		412,454
2019		373,612
2020		43,182
2021		-
Thereafter		-
Total	<u>\$</u>	<u>1,241,701</u>

CITY OF LIVE OAK, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2017

NOTE 8: EMPLOYEE RETIREMENT SYSTEM (CONTINUED)

F. Other Post-Employment Benefits

The City also participates in the cost sharing multiple-employer defined benefit group-term life insurance plan operated by TMRS known as the Supplemental Death Benefits Fund (SDBF). The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

The death benefit for active employees provides a lump-sum payment approximately equal to the employee’s annual salary (calculated based on the employee’s actual earnings, for the 12-month period preceding the month of death); retired employees are insured for \$7,500; this coverage is an “other post-employment benefit” or OPEB.

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to pre-fund retiree term life insurance during employees’ entire careers.

The City’s contributions to the TMRS SDBF for the years ended September 30, 2017, 2016, and 2015 were \$9,569, \$9,687, and \$8,978, respectively, which equaled the required contributions each year.

NOTE 9: COMMITMENTS AND CONTINGENCIES

Commitments

*Construction Commitments*

The City of Live Oak has entered into commitments for various projects as follows:

	<u>ESTIMATED COST TO CITY</u>	<u>EXPENDED TO DATE</u>	<u>ESTIMATED FUTURE COMMITMENT</u>
<u>General Government</u>			
Bridlewood Streets Repair Project (Bond)	\$ 4,009,204	\$ 4,009,204	\$ -
General Streets Project/Lookout Road	3,784,254	2,937,027	847,227
Lake Park Walking Trail	<u>243,712</u>	<u>243,712</u>	<u>-</u>
TOTAL ESTIMATED FUTURE COMMITMENTS	<u>\$ 8,037,170</u>	<u>\$ 7,189,943</u>	<u>\$ 847,227</u>

CITY OF LIVE OAK, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2017

NOTE 9: COMMITMENTS AND CONTINGENCIES (CONTINUED)

*Long-Term Contracts*

Under a contract with the San Antonio River Authority, the river authority is to provide transportation, treatment and disposal of sewage for the portion of the City of Live Oak located on the east side of Interstate Highway 35. The contract is ongoing with rates negotiated annually.

A separate contract with the Cibolo Creek Municipal Authority provides for the municipal authority to provide transportation, treatment and disposal of sewage for that area of the City located on the west side of Interstate Highway 35. There are no connections to that system due to the sparse development in that area. The contract began June 9, 1983, and is for a period of fifty (50) years or until the system "debt" is paid off, whichever is longer.

The City contracts with the San Antonio Water System (SAWS) to provide water service and sewer service billing for the area of the City of Live Oak south of Toepperwein Road. The original agreement began in 1977 and was for a period of twenty-five (25) years with a twenty-five (25) year option at SAWS sole discretion. It covers an area east of the City Public Service (CPS) right-of-way just west of Avery Road. A second agreement began in 1979 and is for a period of twenty-five (25) years with a twenty-five (25) year option by mutual consent and buy-out of facilities at the termination at current replacement cost less two-percent (2%) annual depreciation allowance. It covers an area west of the CPS right-of-way to Interstate Highway 35.

The City entered into several sublease agreements through the Regional Water Resource Development Corporation (the primary lessee). The sublease gives the City additional annual water rights from the Edwards Aquifer. The lease currently calls for an annual payment of \$83,557. The City evaluates annually whether or not to enter into any new sublease agreements.

*Litigation*

The City is the subject of various claims and litigation that have arisen in the course of its operations. Management is of the opinion that the City's liability in these cases, if decided adversely to the City, will not have a material effect on the City's financial position.

NOTE 10: RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; injuries to employees; employee health benefits; and other claims of various natures. The City contracts with the Texas Municipal League (TML) to provide insurance coverage for property and casualty, and workers compensation. TML is a multi-employer group that provides for a combination of risk sharing among pool participants and stop loss coverage. Contributions are set annually by the provider. Liability by the City is generally limited to the contributed amounts. Annual contributions for the year ended September 30, 2017 were \$258,265 for property and casualty and workers compensation coverage. There were no significant increases or decreases in coverage from fiscal year 2017.

	<u>LIMITS OF COVERAGE</u>		
	<u>EACH OCCURRENCE</u>	<u>CLAIM</u>	<u>AGGREGATE</u>
General Liability	\$2,000,000	\$ -	\$4,000,000
Law Enforcement Liability	2,000,000	-	4,000,000
Errors and Omissions	-	1,000,000	2,000,000
Automobile Liability	2,000,000	-	-
Auto Physical Damage	Actual Value	-	-

CITY OF LIVE OAK, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2017

NOTE 11: TAX INCENTIVES

The City entered into an agreement on September 8, 2014 with a business (Hotel) who constructed a hotel and conference center. This agreement is a one-time initiative to incentivize the Hotel to construct and maintain a conference center within the City. The agreement is in accordance with Section 351.101(a) of the Texas Tax Code which provides in pertinent part that revenue from the “municipal hotel occupancy tax may be used only to promote tourism and the convention and hotel industry, and that use is limited to the following: (1) the acquisition of sites for and the construction, improvement, enlarging, equipping, repairing, operation, and maintenance of convention center facilities or visitor information centers, or both (2) the furnishing of facilities, personnel, and materials for the registration of convention delegates or registrants; and (3) advertising and conducting solicitations and promotion programs to attract tourist and convention delegates or registrants to the municipality or its vicinity”. The agreement provides for the payment of hotel occupancy taxes (HOT) to the Hotel to support the maintenance and operations of the hotel and conference center. The terms of the agreement call for a payment of \$270,000 annually of HOT revenues collected by the City from sources other than the Hotel for a period of no less than ten years or until the Hotel achieves \$6,000,000 in gross room revenues with a maximum period of 20 years. In addition, the City will pay 100% of all HOT revenue collected from the Hotel until \$7,646,730 is paid up to a maximum period of 20 years. The Hotel began operations during the 2017 fiscal year and the City paid \$494,935 of HOT revenues collected.

## REQUIRED SUPPLEMENTARY INFORMATION

Required supplementary information includes financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements. Such information includes:

- Budgetary Comparison Schedule – General Fund
- Budgetary Comparison Schedule – Hotel/Motel Occupancy Fund
- Schedule of Changes in Net Pension Liability and Related Ratios
- Schedule of Contributions

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CITY OF LIVE OAK, TEXAS  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL  
YEAR ENDED SEPTEMBER 30, 2017  
(WITH COMPARATIVE ACTUAL TOTALS FOR 2016)

	ORIGINAL BUDGET	FINAL BUDGET	2017 ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)	2016 ACTUAL AMOUNTS
<u>REVENUES</u>					
Property Taxes	\$ 3,824,360	\$ 3,824,360	\$ 3,834,180	\$ 9,820	\$ 3,581,341
Sales Tax	5,727,495	5,727,495	5,836,773	109,278	5,806,754
Franchise Taxes	982,000	982,000	1,107,700	125,700	1,129,199
Beverage Taxes	115,000	115,000	105,722	(9,278)	112,942
Fines and Fees	441,000	441,000	388,364	(52,636)	370,956
Permits and Fees	376,600	376,600	248,451	(128,149)	220,009
Service Fees	96,950	96,950	100,704	3,754	95,702
Intergovernmental	394,283	394,283	394,283	-	130,000
Capital Contributions	20,000	20,000	20,000	-	-
Investment Earnings	75,000	75,000	114,666	39,666	81,572
Miscellaneous	90,037	90,037	133,492	43,455	84,651
Total Revenues	<u>12,142,725</u>	<u>12,142,725</u>	<u>12,284,335</u>	<u>141,610</u>	<u>11,613,126</u>
<u>EXPENDITURES</u>					
General Government					
Council	324,115	324,115	109,320	214,795	102,995
City Manager	245,300	245,300	213,413	31,887	219,485
City Secretary	427,357	427,357	378,986	48,371	361,271
Municipal Court	232,850	232,850	191,761	41,089	194,096
Finance	596,645	596,645	524,434	72,211	486,722
Planning and Zoning	127,150	127,150	112,798	14,352	107,565
Emergency Management Office	17,675	17,675	11,386	6,289	71,248
Information Technology	337,129	337,129	256,549	80,580	309,321
Development Services	378,524	378,524	350,729	27,795	301,408
Total General Government	<u>2,686,745</u>	<u>2,686,745</u>	<u>2,149,376</u>	<u>537,369</u>	<u>2,154,111</u>
Public Safety					
Police Services	3,538,057	3,538,057	3,320,473	217,584	3,210,043
Fire and EMS	2,199,934	2,199,934	2,121,878	78,056	2,039,981
Communication Services	604,705	604,705	556,390	48,315	518,232
Total Public Safety	<u>6,342,696</u>	<u>6,342,696</u>	<u>5,998,741</u>	<u>343,955</u>	<u>5,768,256</u>

CITY OF LIVE OAK, TEXAS  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL (CONTINUED)  
YEAR ENDED SEPTEMBER 30, 2017  
(WITH COMPARATIVE ACTUAL TOTALS FOR 2016)

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>2017 ACTUAL AMOUNTS</u>	<u>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</u>	<u>2016 ACTUAL AMOUNTS</u>
<u>EXPENDITURES (CONTINUED)</u>					
Public Works					
General Service	\$ 915,760	\$ 915,760	\$ 817,667	\$ 98,093	\$ 758,444
Street Maintenance	475,000	475,000	321,314	153,686	327,839
Animal Control	260,525	260,525	238,411	22,114	241,957
Parks Maintenance	<u>572,602</u>	<u>572,602</u>	<u>490,383</u>	<u>82,219</u>	<u>502,653</u>
Total Public Works	<u>2,223,887</u>	<u>2,223,887</u>	<u>1,867,775</u>	<u>356,112</u>	<u>1,830,893</u>
Community Service					
Leisure Services	<u>286,178</u>	<u>286,178</u>	<u>233,257</u>	<u>52,921</u>	<u>201,719</u>
Capital Outlay	<u>461,697</u>	<u>461,697</u>	<u>461,697</u>	<u>-</u>	<u>598,155</u>
Total Expenditures	<u>12,001,203</u>	<u>12,001,203</u>	<u>10,710,846</u>	<u>1,290,357</u>	<u>10,553,134</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>141,522</u>	<u>141,522</u>	<u>1,573,489</u>	<u>1,431,967</u>	<u>1,059,992</u>
<u>OTHER FINANCING SOURCES (USES)</u>					
Transfers In	107,872	107,872	252,753	144,881	493,605
Transfers Out	<u>(465,985)</u>	<u>(465,985)</u>	<u>(465,985)</u>	<u>-</u>	<u>(503,752)</u>
Total Other Financing Sources (Uses)	<u>(358,113)</u>	<u>(358,113)</u>	<u>(213,232)</u>	<u>144,881</u>	<u>(10,147)</u>
Net Change in Fund Balance	(216,591)	(216,591)	1,360,257	1,576,848	1,049,845
<u>FUND BALANCE - BEGINNING</u>	<u>10,590,234</u>	<u>10,590,234</u>	<u>10,590,234</u>	<u>-</u>	<u>9,540,389</u>
FUND BALANCE - ENDING	<u>\$ 10,373,643</u>	<u>\$ 10,373,643</u>	<u>\$ 11,950,491</u>	<u>\$ 1,576,848</u>	<u>\$ 10,590,234</u>

CITY OF LIVE OAK, TEXAS  
HOTEL/MOTEL OCCUPANCY TAX - SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
YEAR ENDED SEPTEMBER 30, 2017  
(WITH COMPARATIVE ACTUAL TOTALS FOR 2016)

	ORIGINAL AND FINAL BUDGET	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	ACTUAL AMOUNTS
<u>REVENUES</u>				
Occupancy Tax	\$ 535,000	\$ 596,882	\$ 61,882	\$ 436,420
Investment Earnings	250	6,695	6,445	333
Total Revenues	<u>535,250</u>	<u>603,577</u>	<u>68,327</u>	<u>436,753</u>
<u>EXPENDITURES</u>				
Current				
General Government	<u>725,000</u>	<u>498,635</u>	<u>226,365</u>	<u>1,850,560</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(189,750)	104,942	(158,038)	(1,413,807)
Net Change in Fund Balance	(189,750)	104,942	(158,038)	(1,413,807)
<u>FUND BALANCE - BEGINNING</u>	<u>1,030,255</u>	<u>1,030,255</u>	<u>-</u>	<u>2,444,062</u>
FUND BALANCE - ENDING	<u>\$ 840,505</u>	<u>\$ 1,135,197</u>	<u>\$ (158,038)</u>	<u>\$ 1,030,255</u>

**CITY OF LIVE OAK, TEXAS**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**  
**YEAR ENDED SEPTEMBER 30, 2017**

	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>Total Pension Liability</b>			
Service Cost	\$ 1,086,530	\$ 1,059,135	\$ 1,011,607
Interest (on the Total Pension Liability)	2,395,426	2,329,533	2,168,610
Changes of Benefit Terms	-	-	-
Difference Between Expected and Actual Experience	298,495	(466,676)	(136,236)
Change of Assumptions	-	142,698	-
Benefit Payments, Including Refunds of Employee Contributions	<u>(950,786)</u>	<u>(788,473)</u>	<u>(749,226)</u>
Net Change in Total Pension Liability	2,829,665	2,276,217	2,294,755
Total Pension Liability - Beginning	<u>35,419,923</u>	<u>33,143,706</u>	<u>30,848,951</u>
Total Pension Liability - Ending (a)	<u>\$ 38,249,588</u>	<u>\$ 35,419,923</u>	<u>\$ 33,143,706</u>
<b>Plan Fiduciary Net Position</b>			
Contributions - Employer	\$ 1,188,375	\$ 1,189,471	\$ 1,082,444
Contributions - Employee	436,358	428,304	422,371
Net Investment Income	1,916,181	40,569	1,447,711
Benefit Payments, Including Refunds of Employee Contributions	(950,786)	(788,473)	(749,226)
Administrative Expense	(21,626)	(24,707)	(15,112)
Other	<u>(1,165)</u>	<u>(1,220)</u>	<u>(1,242)</u>
Net Change in Plan Fiduciary Net Position	2,567,337	843,944	2,186,946
Plan Fiduciary Net Position - Beginning	<u>28,333,632</u>	<u>27,489,688</u>	<u>25,302,742</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 30,900,969</u>	<u>\$ 28,333,632</u>	<u>\$ 27,489,688</u>
Net Pension Liability (a) - (b)	<u>\$ 7,348,619</u>	<u>\$ 7,086,291</u>	<u>\$ 5,654,018</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	80.79%	79.99%	82.94%
Covered Employee Payroll	6,233,680	6,118,632	6,033,684
Net Pension Liability as a Percentage of Total Covered Employee Payroll	117.89%	115.81%	93.71%

\*GASB 68 requires 10 fiscal years of data to be provided in this schedule. This is the third year of implementation of GASB 68. The City will develop the schedule prospectively.

CITY OF LIVE OAK, TEXAS  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CONTRIBUTIONS  
YEAR ENDED SEPTEMBER 30, 2017

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially Determined Contributions	\$ 1,113,480	\$ 1,143,310	\$ 1,094,224
Contributions in Relation to the Actuarially Determined Contributions	<u>1,203,480</u>	<u>1,233,310</u>	<u>1,187,234</u>
Contribution Deficiency (Excess)	90,000	90,000	93,010
Covered Employee Payroll	6,379,408	6,458,084	6,104,168
Contributions as a Percentage of Covered Employee Payroll	18.87%	19.10%	19.45%

\*GASB 68 requires 10 fiscal years of data to be provided in this schedule. This is the third year of implementation of GASB 68. The City will develop the schedule prospectively.

CITY OF LIVE OAK, TEXAS  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
SEPTEMBER 30, 2017

NOTE 1: BUDGETARY INFORMATION

The budget is prepared in accordance with accounting principles generally accepted in the United States of America. The City maintains strict budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council and as such is a good management control device. Annual budgets are adopted for all governmental funds except the capital projects funds. Project-length financial plans are adopted for capital projects funds.

Budgetary preparation and control is exercised at the department level. Actual expenditures may not legally exceed appropriations at the fund level. The city manager may transfer budgeted amounts within departments within any fund; however, transfers between departments and funds must be approved by city council.

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrances accounting, under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is utilized in the governmental funds. Encumbrances lapse at year-end and do not constitute expenditures or liabilities because the commitments must be reappropriated and honored during the subsequent year.

NOTE 2: SCHEDULE OF CONTRIBUTIONS

**Valuation Date:**

Actuarially determined contribution rates are calculated as of December 31 and become effective in January, 13 months later.

**Methods and Assumptions Used to Determine Contribution Rates:**

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	29 Years
Asset Valuation Method	10 Year Smoothed Market, 15% Soft Corridor
Inflation	2.50%
Salary Increases	3.5% to 10.50% Including Inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010 - 2014.
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.

**Other Information:**

There were no benefit changes during the year.

## OTHER SUPPLEMENTARY INFORMATION

Other supplementary information includes combining and individual financial statements and schedules not required by the GASB, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

Such statements and schedules include:

- Combining Statements - Nonmajor Governmental Funds
- Individual Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Nonmajor Funds with Approved Budgets
- Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Debt Service Fund
- Schedule of Revenue, Expenditures, and Changes in Fund Balance - Budget and Actual - Discretely Presented Component Unit - LOEDC
- Comparative Statements - General Fund

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CITY OF LIVE OAK, TEXAS  
COMBINING FINANCIAL STATEMENTS  
NONMAJOR GOVERNMENTAL FUNDS

**SPECIAL REVENUE FUNDS**

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

**Forfeiture Fund** - to account for the revenues received from seized assets and the corresponding restricted expenditures.

**Child Safety Fund** - to account for expenditures for the drug awareness and prevention program, school crossing guards, and other child safety programs.

**Public Education Fund** - to account for revenues received from franchise fees and the expenditures to fund capital items associated with public, educational, and governmental facilities.

**Emergency Radio System Fund** - to account for revenues received from the rental of the Live Oak Radio System by other agencies and the expenditures necessary to manage and enhance the emergency radio system.

**Court Technology Fund** - to account for revenues received from court technology fees and the corresponding restricted expenditures.

**Alamo Regional SWAT fund** - to account for revenues received from participating entities of the Alamo Regional SWAT team, and the expenditures necessary to fund the training needs of the SWAT team.

**Court Security Fund** - to account for revenues received from building security fees and the corresponding restricted expenditures.

**CAPITAL PROJECTS FUNDS**

The capital projects funds are used to account for proceeds from bond issues and other resources specifically committed for capital expenditures.

CITY OF LIVE OAK, TEXAS  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2017

	<u>SPECIAL REVENUE FUNDS</u>			
	<u>FORFEITURE</u>	<u>CHILD SAFETY</u>	<u>PUBLIC EDUCATION</u>	<u>EMERGENCY RADIO SYSTEM</u>
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 78,380	\$ 87,264	\$ 213,679	\$ 66,934
Accounts Receivable - Net of Allowance				
Taxes	-	-	-	-
Other	-	2,675	8,778	45,410
Due from Other Funds	-	-	-	-
Due from Other Governments	-	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
TOTAL ASSETS	<u>\$ 78,380</u>	<u>\$ 89,939</u>	<u>\$ 222,457</u>	<u>\$ 112,344</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ -	\$ 2,997	\$ -	\$ 52,674
Accrued Liabilities	-	-	-	-
Due to Other Funds	-	-	-	-
Deferred Revenue	-	-	-	-
Total Liabilities	<u>          </u>	<u>2,997</u>	<u>          </u>	<u>52,674</u>
<u>FUND BALANCES</u>				
Restricted:				
Hotel/Motel	-	-	-	-
Forfeiture	78,380	-	-	-
Child Safety	-	86,942	-	-
Emergency Radio System	-	-	-	59,670
Public Education	-	-	222,457	-
Court Technology	-	-	-	-
Alamo Regional SWAT	-	-	-	-
Court Security	-	-	-	-
Committed:				
Capital Projects	-	-	-	-
Total Fund Balances	<u>78,380</u>	<u>86,942</u>	<u>222,457</u>	<u>59,670</u>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 78,380</u>	<u>\$ 89,939</u>	<u>\$ 222,457</u>	<u>\$ 112,344</u>

			CAPITAL PROJECTS			
COURT TECHNOLOGY	ALAMO REGIONAL SWAT	COURT SECURITY	CAPITAL PROJECTS	2005 CERTIFICATES OF OBLIGATION FUND	WOODCREST PARK DONATIONS	TOTALS
\$ 122,579	\$ 11,606	\$ 49,638	\$ 1,207,264	\$ 220	\$ 19,605	\$ 1,857,169
-	-	-	-	-	-	-
-	-	-	-	-	-	56,863
-	-	-	-	-	-	-
-	6,500	-	-	-	-	6,500
<u>\$ 122,579</u>	<u>\$ 18,106</u>	<u>\$ 49,638</u>	<u>\$ 1,207,264</u>	<u>\$ 220</u>	<u>\$ 19,605</u>	<u>\$ 1,920,532</u>
\$ -	\$ 1,797	\$ 149	\$ 20,000	\$ -	\$ -	\$ 77,617
-	-	61	-	-	-	61
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	1,797	210	20,000	-	-	77,678
-	-	-	-	-	-	-
-	-	-	-	-	-	78,380
-	-	-	-	-	-	86,942
-	-	-	-	-	-	59,670
-	-	-	-	-	-	222,457
122,579	-	-	-	-	-	122,579
-	16,309	-	-	-	-	16,309
-	-	49,428	-	-	-	49,428
-	-	-	1,187,264	220	19,605	1,207,089
<u>122,579</u>	<u>16,309</u>	<u>49,428</u>	<u>1,187,264</u>	<u>220</u>	<u>19,605</u>	<u>1,842,854</u>
<u>\$ 122,579</u>	<u>\$ 18,106</u>	<u>\$ 49,638</u>	<u>\$ 1,207,264</u>	<u>\$ 220</u>	<u>\$ 19,605</u>	<u>\$ 1,920,532</u>

CITY OF LIVE OAK, TEXAS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED SEPTEMBER 30, 2017

	SPECIAL REVENUE FUNDS			
	FORFEITURE	CHILD SAFETY	PUBLIC EDUCATION	EMERGENCY RADIO SYSTEM
<u>REVENUES</u>				
Occupancy Tax	\$ -	\$ -	\$ -	\$ -
Franchise Fees	-	-	35,988	-
Fines and Fees	24,253	16,500	-	-
Service Fees	-	-	-	40,080
Intergovernmental	-	-	-	-
Capital Contribution	-	-	-	-
Investment Earnings	389	461	1,223	693
Miscellaneous	-	-	-	700
Total Revenues	<u>24,642</u>	<u>16,961</u>	<u>37,211</u>	<u>41,473</u>
<u>EXPENDITURES</u>				
Current				
General Government	-	-	-	-
Public Safety	-	5,371	-	115,272
Public Works	-	2,466	-	-
Capital Outlay	<u>14,000</u>	<u>-</u>	<u>-</u>	<u>13,263</u>
Total Expenditures	<u>14,000</u>	<u>7,837</u>	<u>-</u>	<u>128,535</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>10,642</u>	<u>9,124</u>	<u>37,211</u>	<u>(87,062)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In	-	-	-	55,025
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	55,025
Net Change in Fund Balances	10,642	9,124	37,211	(32,037)
<u>FUND BALANCES AT BEGINNING OF YEAR</u>	<u>67,738</u>	<u>77,818</u>	<u>185,246</u>	<u>91,707</u>
FUND BALANCES AT END OF YEAR	<u>\$ 78,380</u>	<u>\$ 86,942</u>	<u>\$ 222,457</u>	<u>\$ 59,670</u>

			CAPITAL PROJECTS			
COURT TECHNOLOGY	ALAMO REGIONAL SWAT	COURT SECURITY	CAPITAL PROJECTS	2005 CERTIFICATES OF OBLIGATION FUND	WOODCREST PARK DONATIONS	TOTALS
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	35,988
9,788	-	7,341	-	-	-	57,882
-	-	-	-	-	-	40,080
-	32,500	-	12,345	-	-	44,845
-	-	-	250,000	-	-	250,000
768	-	299	5,394	348	254	9,829
-	-	-	-	-	-	700
<u>10,556</u>	<u>32,500</u>	<u>7,640</u>	<u>267,739</u>	<u>348</u>	<u>254</u>	<u>439,324</u>
1,939	-	7,273	88,655	11,895	17,753	127,515
-	9,711	-	-	-	-	130,354
-	-	-	-	-	-	2,466
-	-	-	152,629	40,498	-	220,390
<u>1,939</u>	<u>9,711</u>	<u>7,273</u>	<u>241,284</u>	<u>52,393</u>	<u>17,753</u>	<u>480,725</u>
<u>8,617</u>	<u>22,789</u>	<u>367</u>	<u>26,455</u>	<u>(52,045)</u>	<u>(17,499)</u>	<u>(41,401)</u>
-	6,500	-	321,500	-	-	383,025
-	(26,500)	-	-	-	-	(26,500)
-	(20,000)	-	321,500	-	-	356,525
8,617	2,789	367	347,955	(52,045)	(17,499)	315,124
<u>113,962</u>	<u>13,520</u>	<u>49,061</u>	<u>839,309</u>	<u>52,265</u>	<u>37,104</u>	<u>1,527,730</u>
<u>\$ 122,579</u>	<u>\$ 16,309</u>	<u>\$ 49,428</u>	<u>\$ 1,187,264</u>	<u>\$ 220</u>	<u>\$ 19,605</u>	<u>\$ 1,842,854</u>

CITY OF LIVE OAK, TEXAS  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
FORFEITURE  
YEAR ENDED SEPTEMBER 30, 2017  
(WITH COMPARATIVE ACTUAL TOTALS FOR 2016)

	<u>ORIGINAL AND FINAL BUDGET</u>	<u>2017 ACTUAL AMOUNTS</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>	<u>2016 ACTUAL AMOUNTS</u>
<u>REVENUES</u>				
Fines and Fees	\$ 15,000	\$ 24,253	\$ 9,253	\$ 64,546
Investment Earnings	-	389	389	2
Miscellaneous	-	-	-	7
Total Revenues	<u>15,000</u>	<u>24,642</u>	<u>9,642</u>	<u>64,555</u>
<u>EXPENDITURES</u>				
Capital Outlay	<u>15,000</u>	<u>14,000</u>	<u>1,000</u>	<u>-</u>
Total Expenditures	<u>15,000</u>	<u>14,000</u>	<u>1,000</u>	<u>-</u>
Net Change in Fund Balance	-	10,642	10,642	64,555
<u>FUND BALANCE - BEGINNING</u>	<u>67,738</u>	<u>67,738</u>	<u>-</u>	<u>3,183</u>
FUND BALANCE - ENDING	<u>\$ 67,738</u>	<u>\$ 78,380</u>	<u>\$ 10,642</u>	<u>\$ 67,738</u>

CITY OF LIVE OAK, TEXAS  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
CHILD SAFETY  
YEAR ENDED SEPTEMBER 30, 2017  
(WITH COMPARATIVE ACTUAL TOTALS FOR 2016)

	ORIGINAL AND FINAL BUDGET	2017 ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	2016 ACTUAL AMOUNTS
<u>REVENUES</u>				
Fines and Fees	\$ 12,000	\$ 16,500	\$ 4,500	\$ 16,881
Investment Earnings	<u>-</u>	<u>461</u>	<u>461</u>	<u>190</u>
Total Revenues	<u>12,000</u>	<u>16,961</u>	<u>4,961</u>	<u>17,071</u>
<u>EXPENDITURES</u>				
Public Works	6,000	2,466	3,534	2,629
Public Safety	<u>6,000</u>	<u>5,371</u>	<u>629</u>	<u>5,999</u>
Total Expenditures	<u>12,000</u>	<u>7,837</u>	<u>4,163</u>	<u>8,628</u>
Net Change in Fund Balance	-	9,124	9,124	8,443
<u>FUND BALANCE - BEGINNING</u>	<u>77,818</u>	<u>77,818</u>	<u>-</u>	<u>69,375</u>
FUND BALANCE - ENDING	<u>\$ 77,818</u>	<u>\$ 86,942</u>	<u>\$ 9,124</u>	<u>\$ 77,818</u>

CITY OF LIVE OAK, TEXAS  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
EMERGENCY RADIO SYSTEM FUND  
YEAR ENDED SEPTEMBER 30, 2017  
(WITH COMPARATIVE ACTUAL TOTALS FOR 2016)

	ORIGINAL AND FINAL BUDGET	2017 ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	2016 ACTUAL AMOUNTS
<u>REVENUES</u>				
Service Fees	\$ 36,000	\$ 40,080	\$ 4,080	\$ 38,576
Investment Earnings	<u>100</u>	<u>693</u>	<u>593</u>	<u>287</u>
Total Revenues	<u>36,100</u>	<u>40,773</u>	<u>4,673</u>	<u>38,863</u>
<u>EXPENDITURES</u>				
Public Safety	146,125	115,272	30,853	112,368
Capital Outlay	<u>17,500</u>	<u>13,263</u>	<u>4,237</u>	<u>-</u>
Total Expenditures	<u>163,625</u>	<u>128,535</u>	<u>35,090</u>	<u>112,368</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(127,525)</u>	<u>(87,762)</u>	<u>39,763</u>	<u>(73,505)</u>
<u>OTHER FINANCING SOURCES</u>				
Transfers In	<u>55,025</u>	<u>55,025</u>	<u>-</u>	<u>52,925</u>
Total Other Financing Sources (Uses)	<u>55,025</u>	<u>55,025</u>	<u>-</u>	<u>52,925</u>
Net Change in Fund Balance	(72,500)	(32,737)	39,763	(20,580)
<u>FUND BALANCE - BEGINNING</u>	<u>91,707</u>	<u>91,707</u>	<u>-</u>	<u>112,287</u>
FUND BALANCE - ENDING	<u>\$ 19,207</u>	<u>\$ 58,970</u>	<u>\$ 39,763</u>	<u>\$ 91,707</u>



CITY OF LIVE OAK, TEXAS  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
PUBLIC EDUCATION FUND  
YEAR ENDED SEPTEMBER 30, 2017  
(WITH COMPARATIVE ACTUAL TOTALS FOR 2016)

	ORIGINAL AND FINAL BUDGET	2017 ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	2016 ACTUAL AMOUNTS
<u>REVENUES</u>				
Franchise Fees	\$ 40,000	\$ 35,988	\$ (4,012)	\$ 41,218
Investment Earnings	300	1,223	923	362
Total Revenues	<u>40,300</u>	<u>37,911</u>	<u>(2,389)</u>	<u>41,580</u>
Net Change in Fund Balance	40,300	37,911	(2,389)	41,580
<u>FUND BALANCE - BEGINNING</u>	<u>185,246</u>	<u>185,246</u>	<u>-</u>	<u>143,666</u>
FUND BALANCE - ENDING	<u>\$ 225,546</u>	<u>\$ 223,157</u>	<u>\$ (2,389)</u>	<u>\$ 185,246</u>

CITY OF LIVE OAK, TEXAS  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
COURT TECHNOLOGY  
YEAR ENDED SEPTEMBER 30, 2017  
(WITH COMPARATIVE ACTUAL TOTALS FOR 2016)

	ORIGINAL AND FINAL BUDGET	2017 ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	2016 ACTUAL AMOUNTS
<u>REVENUES</u>				
Fines and Fees	\$ 12,000	\$ 9,788	\$ (2,212)	\$ 8,217
Investment Earnings	100	768	668	318
Total Revenues	<u>12,100</u>	<u>10,556</u>	<u>(1,544)</u>	<u>8,535</u>
<u>EXPENDITURES</u>				
General Government	<u>12,150</u>	<u>1,939</u>	<u>10,211</u>	<u>6,370</u>
Net Change in Fund Balance	(50)	8,617	8,667	2,165
<u>FUND BALANCE - BEGINNING</u>	<u>113,962</u>	<u>113,962</u>	<u>-</u>	<u>111,797</u>
FUND BALANCE - ENDING	<u>\$ 113,912</u>	<u>\$ 122,579</u>	<u>\$ 8,667</u>	<u>\$ 113,962</u>

CITY OF LIVE OAK, TEXAS  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
ALAMO REGIONAL SWAT  
YEAR ENDED SEPTEMBER 30, 2017  
(WITH COMPARATIVE ACTUAL TOTALS FOR 2016)

	ORIGINAL AND FINAL BUDGET	2017 ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	2016 ACTUAL AMOUNTS
<u>REVENUES</u>				
Intergovernmental	\$ 32,500	\$ 32,500	\$ -	\$ 32,500
<u>EXPENDITURES</u>				
Public Safety	12,475	9,711	2,764	12,278
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfer In	6,500	6,500	-	6,500
Transfer Out	(26,500)	(26,500)	-	(26,500)
Total Other Financing Sources (Uses)	(20,000)	(20,000)	-	(20,000)
Net Change in Fund Balance	25	2,789	2,764	222
<u>FUND BALANCE - BEGINNING</u>	<u>13,520</u>	<u>13,520</u>	<u>-</u>	<u>13,298</u>
FUND BALANCE - ENDING	<u>\$ 13,545</u>	<u>\$ 16,309</u>	<u>\$ 2,764</u>	<u>\$ 13,520</u>

CITY OF LIVE OAK, TEXAS  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
COURT SECURITY  
YEAR ENDED SEPTEMBER 30, 2017  
(WITH COMPARATIVE ACTUAL TOTALS FOR 2016)

	ORIGINAL AND FINAL BUDGET	2017 ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	2016 ACTUAL AMOUNTS
<u>REVENUES</u>				
Fines and Fees	\$ 10,000	\$ 7,341	\$ (2,659)	\$ 6,163
Investment Earnings	100	299	199	124
Total Revenues	<u>10,100</u>	<u>7,640</u>	<u>(2,460)</u>	<u>6,287</u>
<u>EXPENDITURES</u>				
General Government	<u>20,370</u>	<u>7,273</u>	<u>13,097</u>	<u>4,350</u>
Net Change in Fund Balance	(10,270)	367	10,637	1,937
<u>FUND BALANCE - BEGINNING</u>	<u>49,061</u>	<u>49,061</u>	<u>-</u>	<u>47,124</u>
FUND BALANCE - ENDING	<u>\$ 38,791</u>	<u>\$ 49,428</u>	<u>\$ 10,637</u>	<u>\$ 49,061</u>

CITY OF LIVE OAK, TEXAS  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
DEBT SERVICE FUND  
YEAR ENDED SEPTEMBER 30, 2017  
(WITH COMPARATIVE ACTUAL TOTALS FOR 2016)

	ORIGINAL AND FINAL BUDGET	2017 ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	2016 ACTUAL AMOUNTS
<u>REVENUES</u>				
Property Taxes	\$ 1,418,405	\$ 1,422,168	\$ 3,763	\$ 1,424,835
Intergovernmental	733,716	733,716	-	-
Investment Earnings	<u>300</u>	<u>3,239</u>	<u>2,939</u>	<u>2,528</u>
Total Revenues	<u>2,152,421</u>	<u>2,159,123</u>	<u>6,702</u>	<u>1,427,363</u>
<u>EXPENDITURES</u>				
Principal	1,677,960	1,675,000	2,960	1,625,000
Interest and Fiscal Charges	<u>729,066</u>	<u>731,618</u>	<u>(2,552)</u>	<u>782,038</u>
Total Expenditures	<u>2,407,026</u>	<u>2,406,618</u>	<u>408</u>	<u>2,407,038</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(254,605)</u>	<u>(247,495)</u>	<u>7,110</u>	<u>(979,675)</u>
<u>OTHER FINANCING SOURCES</u>				
Transfers In	254,605	254,605	-	993,523
Net Change in Fund Balance	-	7,110	7,110	13,848
<u>FUND BALANCE - BEGINNING</u>	<u>364,915</u>	<u>364,915</u>	<u>-</u>	<u>351,067</u>
FUND BALANCE - ENDING	<u>\$ 364,915</u>	<u>\$ 372,025</u>	<u>\$ 7,110</u>	<u>\$ 364,915</u>

CITY OF LIVE OAK, TEXAS  
DISCRETELY PRESENTED COMPONENT UNIT  
LIVE OAK ECONOMIC DEVELOPMENT CORPORATION  
SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
YEAR ENDED SEPTEMBER 30, 2017  
(WITH COMPARATIVE ACTUAL TOTALS FOR 2016)

	ORIGINAL AND FINAL BUDGET	2017 ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)	2016 ACTUAL AMOUNTS
<u>REVENUES</u>				
Sales Taxes	\$ 1,811,873	\$ 1,945,591	\$ 133,718	\$1,935,585
Investment Earnings	2,000	25,542	23,542	10,564
Total Revenues	<u>1,813,873</u>	<u>1,971,133</u>	<u>157,260</u>	<u>1,946,149</u>
<u>EXPENDITURES</u>				
General Government	449,298	448,717	581	238,858
Excess of Revenues Over Expenditures	<u>1,364,575</u>	<u>1,522,416</u>	<u>157,841</u>	<u>1,707,291</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers Out	(1,257,242)	(1,137,681)	119,561	(1,246,573)
Net Change in Fund Balance	107,333	384,735	277,402	460,718
<u>FUND BALANCE - BEGINNING</u>	<u>2,163,070</u>	<u>2,163,070</u>	<u>-</u>	<u>1,702,352</u>
FUND BALANCE - ENDING	<u>\$ 2,270,403</u>	<u>\$ 2,547,805</u>	<u>\$ 277,402</u>	<u>\$ 2,163,070</u>

CITY OF LIVE OAK, TEXAS  
COMPARATIVE BALANCE SHEETS  
GENERAL FUND  
SEPTEMBER 30, 2017

	<u>2017</u>	<u>2016</u>
<u>ASSETS</u>		
Cash and Cash Equivalents	\$ 3,239,347	\$ 2,389,155
Investments	8,492,569	8,136,359
Receivables		
Ad Valorem Taxes (Net of Allowance for Uncollectibles of \$13,366 and \$11,528)	35,769	21,393
Sales Taxes	917,489	973,053
Franchise Taxes	-	-
Other	460,015	408,060
Due from Other Governments	-	849
Due from Other Funds	-	45,000
Accrued Interest	22,351	17,290
Prepaid Items	<u>114,631</u>	<u>15,458</u>
 TOTAL ASSETS	 <u>\$ 13,282,171</u>	 <u>\$ 12,006,617</u>
<u>LIABILITIES</u>		
Accounts Payable	\$ 486,429	\$ 660,549
Accrued Liabilities	79,963	84,101
Due to Other Governments	54,206	-
Unearned Revenue	<u>2,400</u>	<u>3,081</u>
Total Liabilities	<u>622,998</u>	<u>747,731</u>
<u>DEFERRED INFLOW OF RESOURCES</u>		
Unearned Revenue - Taxes	708,682	668,652
<u>FUND BALANCES</u>		
Nonspendable		
Prepaid Items	114,631	15,458
Restricted		
Weed Abatement	6,747	13,523
Committed		
Asset Replacement	2,482,170	1,943,738
Unassigned	<u>9,346,943</u>	<u>8,617,515</u>
Total Fund Balances	<u>11,950,491</u>	<u>10,590,234</u>
 TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCES	 <u>\$ 13,282,171</u>	 <u>\$ 12,006,617</u>

CITY OF LIVE OAK, TEXAS  
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GENERAL FUND  
YEARS ENDED SEPTEMBER 30, 2017

	<u>2017</u>	<u>2016</u>
<u>REVENUES</u>		
Property Taxes	\$ 3,834,180	\$ 3,581,341
Sales Tax	5,836,773	5,806,754
Franchise Taxes	1,107,700	1,129,199
Beverage Taxes	105,722	112,942
Fines and Fees	388,364	370,956
Permits and Fees	248,451	220,009
Service Fees	100,704	95,702
Intergovernmental	394,283	130,000
Capital Contributions	20,000	-
Investment Earnings	114,666	81,572
Miscellaneous	<u>133,492</u>	<u>84,651</u>
Total Revenues	<u>12,284,335</u>	<u>11,613,126</u>
<u>EXPENDITURES</u>		
General Government	2,149,376	2,154,111
Public Safety	5,998,741	5,768,256
Public Works	1,867,775	1,830,893
Community Services	233,257	201,719
Capital Outlay	<u>461,697</u>	<u>598,155</u>
Total Expenditures	<u>10,710,846</u>	<u>10,553,134</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,573,489</u>	<u>1,059,992</u>
<u>OTHER FINANCING SOURCES (USES)</u>		
Transfers In	252,753	493,605
Transfers Out	<u>(465,985)</u>	<u>(503,752)</u>
Total Other Financing Sources (Uses)	<u>(213,232)</u>	<u>(10,147)</u>
Net Change in Fund Balances	1,360,257	1,049,845
<u>FUND BALANCES AT BEGINNING OF YEAR</u>	<u>10,590,234</u>	<u>9,540,389</u>
FUND BALANCES AT END OF YEAR	<u>\$ 11,950,491</u>	<u>\$ 10,590,234</u>



## **STATISTICAL SECTION**

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## STATISTICAL SECTION

This part of the City of Live Oak’s 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 Live Oak’s overall financial health.

### Contents

### Tables

#### **Financial Trends**

1 through 4

- Net Position by Component
- Change in Net Position
- Fund Balances – Governmental Funds
- Changes in Fund Balances – Governmental Funds

These tables contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.

#### **Revenue Capacity**

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- Tax Revenues by Source – Governmental Funds
- Top 20 Sales Tax Providers
- Property Tax Levies and Collections
- Direct and Overlapping Property Tax Rates
- Assessed Taxable Values
- Principal Property Taxpayers

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#### **Debt Capacity**

11 through 14

- Ratios of Outstanding Debt by Type
- Ratios of Net General Bonded Debt Outstanding
- Legal Debt Margin
- Direct and Overlapping Governmental Activities Debt

These tables present information to help the reader assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future.

#### **Demographic and Economic Information**

15 through 16

- Demographic and Economic Statistics
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These tables offer demographic and economic indicators to help the reader understand how the City’s financial activities take place and to help make comparisons over time and with other governments.

#### **Operating Information**

17 through 19

- Operating Indicators by Function
- Capital Asset Statistics by Function
- Full-Time Equivalent City Government Employees by Function

These tables contain information about the City’s operations and resources to help the reader understand how the City’s financial information relates to the services the City provides and the activities it performs.

CITY OF LIVE OAK, TEXAS  
NET POSITION BY COMPONENT  
LAST TEN FISCAL YEARS

	<u>2008*</u>	<u>2009*</u>	<u>2010</u>	<u>2011</u>
<u>GOVERNMENTAL ACTIVITIES</u>				
Net Investment in Capital Assets	\$ 4,769,956	\$ 6,494,007	\$ 7,660,148	\$ 7,660,148
Restricted	1,096,435	941,509	1,277,624	1,277,624
Unrestricted	<u>9,598,385</u>	<u>8,576,444</u>	<u>9,984,672</u>	<u>9,984,672</u>
 TOTAL GOVERNMENTAL ACTIVITIES NET POSITION	 <u>\$ 15,464,776</u>	 <u>\$ 16,011,960</u>	 <u>\$ 18,922,444</u>	 <u>\$ 18,922,444</u>
<u>BUSINESS-TYPE ACTIVITIES</u>				
Net Investment in Capital Assets	\$ 5,466,484	\$ 5,326,566	\$ 5,048,551	\$ 4,872,400
Unrestricted	<u>1,835,916</u>	<u>2,126,850</u>	<u>2,331,113</u>	<u>2,462,678</u>
 TOTAL BUSINESS-TYPE ACTIVITIES NET POSITION	 <u>\$ 7,302,400</u>	 <u>\$ 7,453,416</u>	 <u>\$ 7,379,664</u>	 <u>\$ 7,335,078</u>
<u>PRIMARY GOVERNMENT</u>				
Net Investment in Capital Assets	\$ 10,236,440	\$ 11,820,573	\$ 12,708,699	\$ 12,532,548
Restricted	1,096,435	941,509	1,277,624	1,277,624
Unrestricted	<u>11,434,301</u>	<u>10,703,294</u>	<u>12,315,785</u>	<u>12,447,350</u>
 TOTAL PRIMARY GOVERNMENT NET POSITION	 <u>\$ 22,767,176</u>	 <u>\$ 23,465,376</u>	 <u>\$ 26,302,108</u>	 <u>\$ 26,257,522</u>

Notes:

\*In 2008, 2009, and 2017 the Live Oak Economic Development Corporation (LOEDC) financial information was not included in the City's governmental activities due to being a discretely presented, as opposed to blended, component unit.

TABLE 1

2012	2013	2014	2015	2016	2017*
\$ 8,073,159	\$ 8,441,921	\$ 7,684,247	\$ 10,047,544	\$ 2,498,042	\$ 337,900
1,160,105	3,018,682	3,179,395	1,884,219	1,944,020	2,083,220
<u>9,741,537</u>	<u>10,129,923</u>	<u>10,791,866</u>	<u>5,221,828</u>	<u>9,903,047</u>	<u>8,980,757</u>
<u>\$ 18,974,801</u>	<u>\$ 21,590,526</u>	<u>\$ 21,655,508</u>	<u>\$ 17,153,591</u>	<u>\$ 14,345,109</u>	<u>\$ 11,401,877</u>
\$ 5,264,573	\$ 5,095,397	\$ 5,025,941	\$ 5,209,804	\$ 5,263,431	\$ 5,054,357
<u>2,100,154</u>	<u>2,373,622</u>	<u>2,233,452</u>	<u>1,871,554</u>	<u>1,626,416</u>	<u>1,239,452</u>
<u>\$ 7,364,727</u>	<u>\$ 7,469,019</u>	<u>\$ 7,259,393</u>	<u>\$ 7,081,358</u>	<u>\$ 6,889,847</u>	<u>\$ 6,293,809</u>
\$ 13,337,732	\$ 13,537,318	\$ 12,710,188	\$ 15,257,348	\$ 7,761,473	\$ 5,392,257
1,160,105	3,018,682	3,179,395	1,884,219	1,944,020	2,083,220
<u>11,841,691</u>	<u>12,503,545</u>	<u>13,025,318</u>	<u>7,093,382</u>	<u>11,529,463</u>	<u>10,220,209</u>
<u>\$ 26,339,528</u>	<u>\$ 29,059,545</u>	<u>\$ 28,914,901</u>	<u>\$ 24,234,949</u>	<u>\$ 21,234,956</u>	<u>\$ 17,695,686</u>

CITY OF LIVE OAK, TEXAS  
CHANGE IN NET POSITION  
LAST TEN FISCAL YEARS

	<u>2008*</u>	<u>2009*</u>	<u>2010</u>	<u>2011</u>
<u>EXPENSES</u>				
<u>Governmental Activities</u>				
General Government	\$ 1,949,897	\$ 2,241,114	\$ 2,539,637	\$ 3,267,821
Public Safety	4,604,325	4,917,942	5,651,105	5,961,954
Public Works	1,998,935	2,108,618	2,359,455	2,459,804
Community Services	158,604	150,041	157,376	173,002
Loss on Sale of Assets	-	-	-	-
Interest on Long-Term Debt	<u>926,629</u>	<u>892,894</u>	<u>858,184</u>	<u>731,021</u>
Total Governmental Activities	<u>9,638,390</u>	<u>10,310,609</u>	<u>11,565,757</u>	<u>12,593,602</u>
<u>Business-Type Activities</u>				
Water and Wastewater Utilities	2,797,398	2,485,643	2,726,386	3,237,249
Utility Development Replacement and Renewal	57,199	64,269	163,493	188,075
Storm Water Fund	<u>-</u>	<u>378,638</u>	<u>375,347</u>	<u>380,789</u>
Total Business-Type Activities	<u>2,854,597</u>	<u>2,928,550</u>	<u>3,265,226</u>	<u>3,806,113</u>
Total Primary Government Expenses	<u>12,492,987</u>	<u>13,239,159</u>	<u>14,830,983</u>	<u>16,399,715</u>
<u>PROGRAM REVENUES</u>				
<u>Governmental Activities</u>				
Charges for Service				
General Government	427,744	406,207	382,722	387,329
Public Safety	740,163	432,035	1,315,857	497,400
Public Works	594,974	229,949	374,441	405,199
Community Services	53,092	56,278	59,846	58,355
Operating Grants and Contributions	1,810,682	1,271,376	89,986	92,968
Capital Grants and Contributions	<u>41,125</u>	<u>3,375</u>	<u>-</u>	<u>-</u>
Total Governmental Activities Program Revenues	<u>3,667,780</u>	<u>2,399,220</u>	<u>2,222,852</u>	<u>1,441,251</u>
<u>Business-Type Activities</u>				
Charges for Service				
Water and Wastewater Utilities	3,217,871	2,782,143	2,890,678	3,476,022
Utility Development Replacement and Renewal	-	-	-	-
Storm Water Fund	-	336,092	638,633	602,902
Capital Grants and Contributions	<u>-</u>	<u>44,500</u>	<u>-</u>	<u>-</u>
Total Business-Type Activities Program Revenues	<u>3,217,871</u>	<u>3,162,735</u>	<u>3,529,311</u>	<u>4,078,924</u>
Total Primary Government Program Revenues	<u>6,885,651</u>	<u>5,561,955</u>	<u>5,752,163</u>	<u>5,520,175</u>

Notes:

\*In 2008, 2009, and 2017 the Live Oak Economic Development Corporation (LOEDC) financial information was not included in the City's governmental activities due to being a discretely presented, as opposed to blended, component unit.

TABLE 2

2012	2013	2014	2015	2016	2017*
\$ 3,145,186	\$ 2,894,648	\$ 3,247,132	\$ 5,914,432	\$ 8,380,379	\$ 5,832,574
6,190,610	6,082,404	6,176,238	6,716,420	6,548,599	7,141,799
2,633,267	2,645,246	2,496,790	2,574,042	2,680,500	2,724,691
231,477	168,400	194,147	177,765	201,719	236,786
-	-	-	-	-	50,497
<u>749,670</u>	<u>714,076</u>	<u>883,904</u>	<u>683,723</u>	<u>684,213</u>	<u>633,911</u>
<u>12,950,210</u>	<u>12,504,774</u>	<u>12,998,211</u>	<u>16,066,382</u>	<u>18,495,410</u>	<u>16,620,258</u>
2,869,242	2,967,953	3,112,081	3,284,037	3,226,920	3,322,107
150,435	227,632	495,952	33,563	183,331	383,704
<u>422,827</u>	<u>408,917</u>	<u>398,244</u>	<u>397,259</u>	<u>580,855</u>	<u>477,189</u>
<u>3,442,504</u>	<u>3,604,502</u>	<u>4,006,277</u>	<u>3,714,859</u>	<u>3,991,106</u>	<u>4,183,000</u>
<u>16,392,714</u>	<u>16,109,276</u>	<u>17,004,488</u>	<u>19,781,241</u>	<u>22,486,516</u>	<u>20,803,258</u>
458,595	583,196	68,028	208,017	53,086	1,028,765
621,369	635,248	734,979	531,948	672,712	669,876
269,836	270,191	220,522	281,317	167,563	200,946
48,986	55,676	58,118	63,496	57,689	63,893
175,935	3,095	15,635	77,500	32,500	44,845
-	413,886	-	-	-	270,000
<u>1,574,721</u>	<u>1,961,292</u>	<u>1,097,282</u>	<u>1,162,278</u>	<u>983,550</u>	<u>2,278,325</u>
3,278,597	3,427,956	3,480,567	3,550,228	3,351,518	3,285,822
4,017	2,339	14,922	-	-	-
538,236	548,990	550,201	552,245	557,942	526,365
-	-	-	-	-	147,337
<u>3,820,850</u>	<u>3,979,285</u>	<u>4,045,690</u>	<u>4,102,473</u>	<u>3,909,460</u>	<u>3,959,524</u>
<u>5,395,571</u>	<u>5,940,577</u>	<u>5,142,972</u>	<u>5,264,751</u>	<u>4,893,010</u>	<u>6,237,849</u>

(CONTINUED)

CITY OF LIVE OAK, TEXAS  
CHANGE IN NET POSITION (CONTINUED)  
LAST TEN FISCAL YEARS

	<u>2008*</u>	<u>2009*</u>	<u>2010</u>	<u>2011</u>
<u>Net (Expense) Revenues</u>				
Governmental Activities	\$ (5,970,610)	\$ (7,911,389)	\$ (9,342,905)	\$ (11,152,351)
Business-Type Activities	<u>363,274</u>	<u>234,185</u>	<u>264,085</u>	<u>272,811</u>
Total Primary Government				
Net Expenses	<u>(5,607,336)</u>	<u>(7,677,204)</u>	<u>(9,078,820)</u>	<u>(10,879,540)</u>
<u>GOVERNMENTAL REVENUES AND OTHER</u>				
<u>CHANGES IN NET POSITION</u>				
<u>Governmental Activities</u>				
<u>Taxes</u>				
Property Taxes	2,551,884	3,031,549	3,542,393	3,631,698
Sales Taxes	4,113,296	4,113,131	5,600,972	5,883,522
Franchise Taxes	662,237	717,274	810,184	812,004
Beverage Taxes	62,845	77,701	82,225	81,905
Occupancy Taxes	211,669	185,162	156,639	166,460
Interest and Investment Earnings	496,053	137,002	57,975	51,499
Sale of Capital Assets	-	-	-	-
Miscellaneous	131,953	98,183	55,112	138,072
Transfers	<u>320,216</u>	<u>98,570</u>	<u>342,051</u>	<u>320,338</u>
Total Governmental Activities	<u>8,550,153</u>	<u>8,458,572</u>	<u>10,647,551</u>	<u>11,085,498</u>
<u>Business-Type Activities</u>				
Interest and Investment Earnings	49,538	15,401	4,214	2,941
Miscellaneous	1,356	-	-	-
Transfers	<u>(320,216)</u>	<u>(98,570)</u>	<u>(342,051)</u>	<u>(320,338)</u>
Total Business-Type Activities	<u>(269,322)</u>	<u>(83,169)</u>	<u>(337,837)</u>	<u>(317,397)</u>
<u>CHANGES IN NET POSITION</u>				
Governmental Activities	2,579,543	547,183	1,304,646	(66,853)
Business-Type Activities	<u>93,952</u>	<u>151,016</u>	<u>(73,752)</u>	<u>(44,586)</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 2,673,495</u>	<u>\$ 698,199</u>	<u>\$ 1,230,894</u>	<u>\$ (111,439)</u>

Notes:

\*In 2008, 2009, and 2017 the Live Oak Economic Development Corporation (LOEDC) financial information was not included in the City's governmental activities due to being a discretely presented, as opposed to blended, component unit.



TABLE 2 (CONTINUED)

2012	2013	2014	2015	2016	2017*
\$ (11,375,489)	\$ (10,543,482)	\$ (11,900,929)	\$ (14,904,104)	\$ (17,511,860)	\$ (14,341,933)
<u>378,346</u>	<u>374,783</u>	<u>39,413</u>	<u>387,614</u>	<u>(81,646)</u>	<u>(223,476)</u>
<u>(10,997,143)</u>	<u>(10,168,699)</u>	<u>(11,861,516)</u>	<u>(14,516,490)</u>	<u>(17,593,506)</u>	<u>(14,565,409)</u>
3,657,100	3,728,011	3,877,655	4,770,375	4,816,434	5,302,619
6,200,731	6,265,374	6,512,987	7,413,737	7,742,339	5,836,773
852,464	818,781	1,060,879	1,179,497	1,170,417	1,143,688
67,084	74,078	94,889	101,768	112,942	105,722
244,018	345,329	403,004	436,420	540,765	596,882
33,704	58,912	37,346	69,873	162,719	158,707
-	1,577,767	-	12,209	-	-
21,595	18,231	39,380	42,045	41,487	79,793
<u>351,150</u>	<u>272,724</u>	<u>249,785</u>	<u>103,803</u>	<u>116,275</u>	<u>397,898</u>
<u>11,427,846</u>	<u>13,159,207</u>	<u>12,275,925</u>	<u>14,129,727</u>	<u>14,703,378</u>	<u>13,622,082</u>
2,453	2,233	746	1,105	6,410	16,534
-	-	-	-	-	8,802
<u>(351,150)</u>	<u>(272,724)</u>	<u>(249,785)</u>	<u>(103,803)</u>	<u>(116,275)</u>	<u>(397,898)</u>
<u>(348,697)</u>	<u>(270,491)</u>	<u>(249,039)</u>	<u>(102,698)</u>	<u>(109,865)</u>	<u>(372,562)</u>
52,357	2,615,725	374,996	(774,377)	(2,808,482)	(719,851)
<u>29,649</u>	<u>104,292</u>	<u>(209,626)</u>	<u>284,916</u>	<u>(191,511)</u>	<u>(596,038)</u>
<u>\$ 82,006</u>	<u>\$ 2,720,017</u>	<u>\$ 165,370</u>	<u>\$ (489,461)</u>	<u>\$ (2,999,993)</u>	<u>\$ (1,315,889)</u>

CITY OF LIVE OAK, TEXAS  
FUND BALANCES - GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS

	<u>2008*</u>	<u>2009*</u>	<u>2010</u>	<u>2011</u>
<u>GENERAL FUND</u>				
Reserved	\$ 16,678	\$ 73,398	\$ 38,465	\$ -
Unreserved	7,825,520	8,127,315	8,380,372	-
Nonspendable:				
Prepaid Items	-	-	-	15,548
Restricted:				
Weed Abatement	-	-	-	17,988
Committed:				
Asset Replacement	-	-	-	1,784,217
Unassigned:	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,550,584</u>
 TOTAL GENERAL FUND	 <u>\$ 7,842,198</u>	 <u>\$ 8,200,713</u>	 <u>\$ 8,418,837</u>	 <u>\$ 8,368,337</u>
<u>ALL OTHER GOVERNMENTAL FUNDS</u>				
Reserved	\$ 934,274	\$ 783,126	\$ 1,567,597	\$ -
Unreserved, Reported in:				
Special Revenue Funds	303,594	274,038	1,980,717	-
Capital Project Funds*	3,696,883	1,703,372	338,044	-
Nonspendable:				
Prepaid Items	-	-	-	6,346
Restricted:				
Special Revenue Funds	-	-	-	952,753
Debt Service	-	-	-	306,883
Capital Projects Funds	-	-	-	-
Committed:				
Economic Development	-	-	-	948,484
Capital Projects Funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>480,357</u>
 TOTAL ALL OTHER GOVERNMENTAL FUNDS	 <u>\$ 4,934,751</u>	 <u>\$ 2,760,536</u>	 <u>\$ 3,886,358</u>	 <u>\$ 2,694,823</u>

Notes:

In 2006, the City issued General Certificates of Obligation to fund capital projects.

With the Implementation of GASB 54, fund balance will be reported differently beginning in 2011. The information will be presented on a prospective basis.

\*In 2008, 2009, and 2017 the Live Oak Economic Development Corporation (LOEDC) financial information was not included in the City's governmental activities due to being a discretely presented, as opposed to blended, component unit.

TABLE 3

2012	2013	2014	2015	2016	2017*
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
19,307	18,730	10,127	10,022	15,458	114,631
12,323	8,827	10,416	15,465	13,523	6,747
1,572,184	1,625,100	1,846,355	1,978,705	1,943,738	2,482,170
<u>6,565,155</u>	<u>6,516,011</u>	<u>6,816,883</u>	<u>7,536,197</u>	<u>8,617,515</u>	<u>9,346,943</u>
<u>\$ 8,168,969</u>	<u>\$ 8,168,668</u>	<u>\$ 8,683,781</u>	<u>\$ 9,540,389</u>	<u>\$ 10,590,234</u>	<u>\$ 11,950,491</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
1,245	3,495	330	1,030	893	-
876,019	2,727,113	2,931,394	1,530,985	1,579,102	1,720,757
271,763	282,742	279,438	351,067	364,915	372,025
-	-	10,266,924	8,355,791	3,213,171	436,646
1,029,211	1,251,685	1,506,054	1,701,322	2,162,177	-
<u>396,086</u>	<u>598,290</u>	<u>419,239</u>	<u>748,666</u>	<u>928,678</u>	<u>1,207,089</u>
<u>\$ 2,574,324</u>	<u>\$ 4,863,325</u>	<u>\$ 15,403,379</u>	<u>\$ 12,688,861</u>	<u>\$ 8,248,936</u>	<u>\$ 3,736,517</u>

CITY OF LIVE OAK, TEXAS  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS

	<u>2008*</u>	<u>2009*</u>	<u>2010</u>	<u>2011</u>
<u>REVENUES</u>				
Taxes	\$ 7,611,875	\$ 8,115,759	\$ 10,045,969	\$ 10,527,601
Fines and Fees	816,140	580,709	528,495	408,919
Permits and Fees	631,038	258,750	421,730	443,903
Service Fees	412,934	415,268	725,494	557,962
Intergovernmental	1,851,807	1,118,038	204,883	198,987
Capital Contributions	-	-	-	-
Investment Earnings	496,053	137,002	57,975	51,499
Park Donations	-	156,713	-	-
Miscellaneous	131,953	98,183	161,612	162,504
Total Revenues	<u>11,951,800</u>	<u>10,880,422</u>	<u>12,146,158</u>	<u>12,351,375</u>
<u>EXPENDITURES</u>				
General Government	1,789,022	2,093,020	2,438,041	3,176,380
Public Safety	4,174,524	4,375,773	5,015,890	5,317,197
Public Works	1,627,949	1,422,997	1,657,466	1,758,536
Community Services	157,990	176,890	157,376	173,002
Debt Service				
Principal	890,000	920,000	950,000	990,000
Interest and Fiscal Charges	938,936	905,398	870,673	784,011
Capital Projects/Outlay	6,063,664	2,900,614	1,615,326	1,717,896
Total Expenditures	<u>15,642,085</u>	<u>12,794,692</u>	<u>12,704,772</u>	<u>13,917,022</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(3,690,285)</u>	<u>(1,914,270)</u>	<u>(558,614)</u>	<u>(1,565,647)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In	1,189,938	386,773	1,934,595	1,407,573
Transfers Out	(869,722)	(288,203)	(1,592,544)	(1,087,235)
Sale of Capital Assets	-	-	-	-
Payment to Escrow Agent	-	-	-	-
Bond Premium	-	-	-	-
Proceeds of Long-Term Financing	-	-	-	3,274
Total Other Financing Sources (Uses)	<u>320,216</u>	<u>98,570</u>	<u>342,051</u>	<u>323,612</u>
NET CHANGE IN FUND BALANCES	<u>\$ (3,370,069)</u>	<u>\$ (1,815,700)</u>	<u>\$ (216,563)</u>	<u>\$ (1,242,035)</u>
Debt Service as a Percentage of Noncapital Expenditures	18.87%	18.17%	16.42%	14.54%

Notes:

\*In 2008, 2009, and 2017 the Live Oak Economic Development Corporation (LOEDC) financial information was not included in the City's governmental activities due to being a discretely presented, as opposed to blended, component unit.

TABLE 4

2012	2013	2014	2015	2016	2017*
\$ 10,963,810	\$ 11,261,773	\$ 11,886,271	\$ 13,939,465	\$ 14,572,639	\$ 12,939,413
385,970	439,717	507,975	470,667	466,763	446,246
323,162	324,816	260,592	329,905	220,009	248,451
500,795	284,374	124,020	126,610	134,278	140,784
378,691	473,950	121,648	213,157	162,500	1,172,844
-	-	-	-	-	270,000
33,704	58,912	37,346	69,873	119,548	158,707
-	-	-	-	-	-
25,165	42,780	89,284	76,125	84,658	134,192
<u>12,611,297</u>	<u>12,886,322</u>	<u>13,027,136</u>	<u>15,225,802</u>	<u>15,760,395</u>	<u>15,510,637</u>
2,933,418	2,682,625	3,039,743	5,696,385	8,094,497	5,576,329
5,601,217	5,570,275	5,599,405	6,055,839	5,898,901	6,129,095
1,847,754	1,824,433	1,689,321	1,792,428	1,833,522	1,870,241
231,477	168,400	194,147	178,235	201,719	233,257
1,070,000	1,115,000	1,155,000	1,550,000	1,625,000	1,675,000
762,438	705,915	934,229	791,505	782,038	731,618
1,386,010	431,970	499,420	1,123,191	831,073	682,087
<u>13,832,314</u>	<u>12,498,618</u>	<u>13,111,265</u>	<u>17,187,583</u>	<u>19,266,750</u>	<u>16,897,627</u>
<u>(1,221,017)</u>	<u>387,704</u>	<u>(84,129)</u>	<u>(1,961,781)</u>	<u>(3,506,355)</u>	<u>(1,386,990)</u>
1,623,341	1,888,552	1,534,275	2,048,548	1,893,100	890,383
(1,272,191)	(1,615,828)	(1,284,490)	(1,944,745)	(1,776,825)	(492,485)
-	1,628,272	-	68	-	-
-	-	(10,164,455)	-	-	-
-	-	1,538,966	-	-	-
550,000	-	19,515,000	-	-	-
<u>901,150</u>	<u>1,900,996</u>	<u>11,139,296</u>	<u>103,871</u>	<u>116,275</u>	<u>397,898</u>
<u>\$ (319,867)</u>	<u>\$ 2,288,700</u>	<u>\$ 11,055,167</u>	<u>\$ (1,857,910)</u>	<u>\$ (3,390,080)</u>	<u>\$ (989,092)</u>
14.72%	15.09%	14.43%	14.58%	13.06%	14.84%

CITY OF LIVE OAK, TEXAS  
TAX REVENUES BY SOURCE - GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS

TABLE 5

<u>FISCAL YEAR</u>	<u>PROPERTY</u>	<u>SALES AND USE</u>	<u>FRANCHISE</u>	<u>MIXED BEVERAGE</u>	<u>OCCUPANCY</u>	<u>TOTAL REVENUE</u>
2008*	2,550,817	4,124,307	662,237	62,845	211,669	7,611,875
2009*	3,015,749	4,119,873	717,274	77,701	185,162	8,115,759
2010	3,395,949	5,660,972	810,184	82,225	156,639	10,105,969
2011	3,583,711	5,883,522	812,003	81,905	166,460	10,527,601
2012	3,599,513	6,200,731	852,464	67,084	244,018	10,963,810
2013	3,758,211	6,265,374	818,781	74,078	345,329	11,261,773
2014	3,814,512	6,512,987	1,060,879	94,889	403,004	11,886,271
2015	4,808,043	7,413,737	1,179,497	101,768	436,420	13,939,465
2016	5,006,176	7,742,339	1,170,417	112,942	540,765	14,572,639
2017*	5,256,348	5,836,773	1,143,688	105,722	596,882	12,939,413

Notes:

\*In 2008, 2009, and 2017 the Live Oak Economic Development Corporation (LOEDC) financial information was not included in the City's governmental activities due to being a discretely presented, as opposed to blended, component unit.

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CITY OF LIVE OAK, TEXAS  
TOP TWENTY SALES TAX PROVIDERS  
BY BUSINESS CLASS  
LAST NINE FISCAL YEARS

<u>BUSINESS CLASS</u>	<u>2016/17</u>		<u>2015/16</u>		<u>2014/15</u>		<u>2013/14</u>	
	<u>RANK</u>	<u>% OF TOTAL</u>	<u>RANK</u>	<u>% OF TOTAL</u>	<u>RANK</u>	<u>% OF TOTAL</u>	<u>RANK</u>	<u>% OF TOTAL</u>
Home Centers	1	12.6	1	12.0	1	11.0	2	10.9
Radio, TV, & Other Elec	2	9.5	2	9.4	2	10.4	1	11.2
Full-Service Restaurant	3	8.3	3	8.5	4	8.4	4	8.2
Discount Dept Store	4	7.3	4	7.8	3	8.4	3	9.1
Limited-Service Rest	5	6.2	5	5.8	7	4.7	7	5.1
Furniture Stores	6	5.4	6	5.7	5	6.3	16	1.7
Wired Telecommunication	7	5.4	7	5.4	6	5.2	6	5.1
Other Retail	8	3.6	9	3.5	10	3.4	9	3.5
Department Stores	9	3.4	8	3.7	8	4.3	5	5.1
Health Care & Social	10	3.0	14	2.5	12	2.9	11	3.0
Jewelry Stores	11	2.8	10	3.3	9	3.6	8	3.7
Other Apparel Stores	12	2.5	12	2.6	14	2.5	12	2.9
Motion Picture Theaters	13	2.5	11	2.7	13	2.8	10	3.2
Other Elec & Appliances	14	2.3	13	2.6	11	3.2	13	2.1
New Car Dealers	15	2.2	15	2.1	16	1.7	15	2.0
Tire Dealers	16	1.9	16	1.9	15	2.0	14	2.0
Construction	17	1.6	--	--	--	--	--	--
Elec Power Gen, Trans	18	1.2	18	1.2	20	1.1	19	1.2
Other Food Service	19	1.2	--	--	18	1.3	--	--
Automotive Repair/Maint	20	1.1	--	--	--	--	--	--
Misc Store Retailer	--	--	17	1.2	--	--	--	--
Elec, Appl, Computer	--	--	19	1.0	19	1.2	--	--
Shoe Stores	--	--	20	1.0	--	--	18	1.3
Wholesalers Durable	--	--	--	--	17	1.3	17	1.4
Amusement, Gambling, Rec	--	--	--	--	--	--	20	1.2
Direct Selling Establis	--	--	--	--	--	--	--	--
Not Reported by State	--	--	--	--	--	--	--	--
Mining	--	--	--	--	--	--	--	--
Women's Clothing Stores	--	--	--	--	--	--	--	--

Source: Muniservices

\*Ten years of data will be accumulated. Data prior to 2008 is not currently available.

\*\*Texas Tax Code 321.3022(c) declares specific information on vendor and amounts to be confidential and is not subject to public inspection. The City of Live Oak understands the value of this information and determined that presentation by business class is the best way to convey this information.



TABLE 6

<u>2012/13</u>		<u>2011/12</u>		<u>2010/11</u>		<u>2009/10</u>		<u>2008/09</u>	
<u>RANK</u>	<u>% OF TOTAL</u>	<u>RANK</u>	<u>% OF TOTAL</u>	<u>RANK</u>	<u>% OF TOTAL</u>	<u>RANK</u>	<u>% OF TOTAL</u>	<u>RANK</u>	<u>% OF TOTAL</u>
2	11.3	2	10.7	2	10.7	2	10.7	3	11.4
1	12.2	1	12.4	1	12.4	1	13.2	1	15.8
4	8.8	4	9.2	4	10.2	4	10.1	4	9.3
3	9.8	3	10.0	3	10.3	3	10.6	2	11.8
6	5.5	6	5.2	6	4.3	8	3.5	9	3.6
19	1.1	15	1.3	15	1.8	15	2.0	15	1.4
7	4.3	7	4.3	7	4.2	6	5.0	7	4.7
8	3.8	8	4.0	8	3.9	11	3.1	--	--
5	6.0	5	6.3	5	6.5	5	6.6	5	6.7
13	2.6	13	2.3	13	2.7	12	2.8	6	4.7
9	3.7	10	3.3	11	3.2	13	2.6	12	1.8
12	3.1	12	3.1	12	3.1	10	3.1	11	3.1
10	3.6	9	3.5	9	3.6	7	4.1	8	4.0
--	--	--	--	--	--	--	--	--	--
11	3.2	11	3.3	10	3.3	9	3.4	10	3.1
14	2.1	14	2.0	14	1.9	16	1.8	14	1.4
--	--	--	--	--	--	--	--	--	--
16	1.3	17	1.2	16	1.4	17	1.3	17	1.3
--	--	--	--	--	--	--	--	--	--
17	1.2	18	1.2	18	1.1	18	1.2	18	1.1
--	--	--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--	--	--
15	1.5	16	1.2	17	1.2	--	--	16	1.4
20	1.0	20	1.0	20	1.0	--	--	--	--
18	1.1	19	1.1	19	1.1	20	1.0	20	0.9
--	--	--	--	--	--	14	2.1	13	1.8
--	--	--	--	--	--	19	1.0	--	--
--	--	--	--	--	--	--	--	19	0.9

CITY OF LIVE OAK, TEXAS  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS (UNAUDITED)

TABLE 7

FISCAL YEAR ENDED SEPTEMBER 30,	TAXES LEVIED FOR THE FISCAL YEAR	COLLECTED WITHIN FISCAL YEAR OF LEVY		COLLECTIONS IN SUBSEQUENT YEARS	TOTAL COLLECTIONS TO DATE		PENALTIES AND INTEREST COLLECTED
		AMOUNT	% OF LEVY		AMOUNT	% OF LEVY	
2008	2,616,658	2,599,429	99.3%	15,261	2,614,690	99.9%	14,045
2009	3,184,637	3,156,003	99.1%	23,764	3,179,767	99.8%	13,392
2010	3,602,995	3,564,494	98.9%	32,893	3,597,387	99.8%	16,203
2011	3,727,705	3,710,594	99.5%	12,614	3,723,208	99.9%	20,734
2012	3,823,938	3,799,510	99.4%	20,894	3,820,404	99.9%	11,762
2013	3,919,285	3,904,807	99.6%	9,719	3,914,526	99.9%	16,300
2014	4,053,449	3,978,852	98.2%	68,340	4,047,192	99.8%	10,352
2015	4,863,092	4,848,896	99.7%	(435)	4,848,461	99.7%	11,235
2016	5,069,178	4,990,227	98.4%	(12,977)	4,977,250	98.2%	13,076
2017	5,320,407	5,247,854	98.6%	-	5,247,854	98.6%	11,071

CITY OF LIVE OAK, TEXAS  
DIRECT AND OVERLAPPING PROPERTY TAX RATES  
LAST TEN FISCAL YEARS (UNAUDITED)

TABLE 8

FISCAL YEAR	CITY DIRECT RATES*			OVERLAPPING RATES*						
	GENERAL M & O	DEBT SERVICE	TOTAL DIRECT	JUDSON INDEPENDENT SCHOOL DISTRICT	NORTHEAST INDEPENDENT SCHOOL DISTRICT	ALAMO CCD	SAN ANTONIO RIVER AUTHORITY	BEXAR COUNTY	BEXAR COUNTY FLOOD CONTROL DISTRICT	UNIVERSITY HEALTH SYSTEM
2008	0.255248	0.109152	0.364400	1.4100	1.40290	0.134550	0.015951	0.295104	0.031762	0.237408
2009	0.301238	0.103893	0.405131	1.4650	1.40290	0.135860	0.015951	0.289399	0.037467	0.261022
2010	0.350000	0.099369	0.449369	1.4630	1.40290	0.135855	0.015951	0.296187	0.030679	0.266235
2011	0.373790	0.102993	0.476783	1.4630	1.40290	0.141623	0.016652	0.296187	0.030679	0.276235
2012	0.378511	0.098780	0.477291	1.4250	1.42500	0.149150	0.017370	0.296187	0.030679	0.276235
2013	0.367903	0.095252	0.463155	1.4250	1.44060	0.149150	0.017798	0.296187	0.030679	0.276235
2014	0.356363	0.089041	0.445401	1.4250	1.44060	0.149150	0.017500	0.283821	0.030679	0.276235
2015	0.356363	0.153637	0.510000	1.4250	1.44060	0.149150	0.017500	0.283821	0.030679	0.276235
2016	0.330927	0.136764	0.467691	1.4200	1.41500	0.149150	0.017290	0.297500	0.017000	0.276235
2017	0.322620	0.124217	0.446837	1.4700	1.38500	0.149150	0.017290	0.293250	0.015700	0.293250

Source: Bexar Appraisal District.

\*Rates are set the previous October 1 to fund the operations of the fiscal year as shown.

CITY OF LIVE OAK, TEXAS  
ASSESSED VALUE AND ACTUAL TAXABLE PROPERTY  
LAST TEN FISCAL YEARS

TABLE 9

<u>FISCAL</u> <u>YEAR</u> <u>ENDED</u> <u>SEPTEMBER 30,</u>	<u>TAXABLE</u> <u>VALUE</u> <u>JANUARY 1,</u>	<u>RESIDENTIAL</u> <u>PROPERTY</u>	<u>COMMERCIAL</u> <u>PROPERTY</u>	<u>LESS:</u> <u>TAX-EXEMPT</u> <u>PROPERTY</u>	<u>TOTAL TAXABLE</u> <u>ASSESSED</u> <u>VALUE</u>	<u>TOTAL</u> <u>DIRECT</u> <u>TAX RATE</u>	<u>ESTIMATED</u> <u>ACTUAL</u> <u>TAXABLE VALUE</u>
2008	2007	\$ 422,559,128	\$ 410,578,741	\$ 110,319,263	\$ 722,818,606	0.364400	\$ 833,137,869
2009	2008	457,554,075	485,020,811	146,791,505	795,783,381	0.405131	942,574,886
2010	2009	452,807,042	518,243,548	151,480,897	819,569,693	0.449369	971,050,590
2011	2010	444,881,523	508,132,623	158,642,440	794,371,706	0.476783	953,014,146
2012	2011	462,465,883	510,152,136	159,775,982	812,842,037	0.477291	972,618,019
2013	2012	476,696,234	537,299,352	157,838,602	856,156,984	0.463155	1,013,995,586
2014	2013	499,621,822	574,309,145	158,629,313	915,301,654	0.445401	1,073,930,967
2015	2014	560,159,849	586,655,656	178,346,971	968,468,534	0.510000	1,146,815,505
2016	2015	618,580,846	682,811,268	193,678,796	1,107,713,318	0.467691	1,301,392,114
2017	2016	651,413,768	748,015,483	182,210,553	1,217,218,698	0.446837	1,399,429,251

Source: Bexar Appraisal District.

CITY OF LIVE OAK, TEXAS  
 PRINCIPAL PROPERTY TAXPAYERS  
 SEPTEMBER 30, 2017  
 (UNAUDITED)

TABLE 10

TAXPAYER	2016 TAX ROLL		% OF TOTAL ASSESSSED VALUATION
	ASSESSSED VALUATION	RANK	
Methodist Healthcare System S.A.	\$ 70,506,270	1	5.79%
Randolph Brooks Federal Credit Union	56,015,280	2	4.60%
KRE CC Mira Loma Owner, LLC	41,300,000	3	3.39%
Continental 136 Fund	34,000,000	4	2.79%
MCN Villas - SA LLC	31,250,000	5	2.57%
MBS - Colonnade LTD	30,800,000	6	2.53%
S A Development Company LP	27,473,766	7	2.26%
CHM Live Oak LTD	13,981,630	8	1.15%
Target Corporation	13,654,090	9	1.12%
KIMCO Forum at Olympia LP	13,445,791	10	1.10%
	<u>\$ 332,426,827</u>		

Source: Bexar Appraisal District.

CITY OF LIVE OAK, TEXAS  
RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS  
(UNAUDITED)

TABLE 11

FISCAL YEAR	GOVERNMENTAL ACTIVITIES			BUSINESS-TYPE ACTIVITIES		TOTAL PRIMARY GOVERNMENT	PERCENTAGE OF PERSONAL INCOME	*PER CAPITA
	GENERAL OBLIGATION BONDS	CERTIFICATES OF OBLIGATION	TAX NOTES	TAX NOTES				
2008	\$ 10,535,000	\$ 8,655,000	\$ -	\$ -	\$ 19,190,000	6.5%	\$ 1,535	
2009	10,519,041	8,210,000	-	-	18,729,041	6.4%	1,390	
2010	10,003,807	7,745,000	-	-	17,748,807	5.9%	1,283	
2011	12,735,642	4,010,000	-	-	16,745,642	5.3%	1,255	
2012	11,944,203	3,795,000	470,000	485,000	16,694,203	5.2%	1,222	
2013	11,112,764	3,570,000	395,000	365,000	15,442,764	4.8%	1,144	
2014	23,876,889	765,000	320,000	245,000	25,206,889	7.3%	1,709	
2015	22,541,707	520,000	240,000	125,000	23,426,707	6.0%	1,550	
2016	21,141,525	265,000	160,000	-	21,566,525	5.6%	1,405	
2017	19,701,343	-	80,000	-	19,781,343	5.2%	1,289	

Source: Live Oak Annual Budget and Bexar Appraisal District.

\*The per capita is derived by dividing the total primary government by the population on Table 15.

CITY OF LIVE OAK, TEXAS  
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING  
LAST TEN FISCAL YEARS  
(UNAUDITED)

TABLE 12

FISCAL YEAR	GOVERNMENTAL ACTIVITIES			BUSINESS-TYPE ACTIVITIES		TOTAL PRIMARY GOVERNMENT	LESS PRINCIPAL*	NET DEBT OUTSTANDING	PERCENTAGE OF TAXABLE VALUE OF PROPERTY	*PER CAPITA
	GENERAL OBLIGATION BONDS	CERTIFICATES OF OBLIGATION	TAX NOTES	TAX NOTES						
2008	\$ 10,535,000	\$ 8,655,000	\$ -	\$ -	\$ 19,190,000			\$ 19,190,000	2.7%	\$ 1,535
2009	10,519,041	8,210,000	-	-	18,729,041			18,729,041	2.4%	1,425
2010	10,003,807	7,745,000	-	-	17,748,807	(233,045)		17,515,762	2.1%	1,297
2011	12,735,642	4,010,000	-	-	16,745,642	(306,883)		16,438,759	2.1%	1,252
2012	11,944,203	3,795,000	470,000	485,000	16,694,203	(271,763)		16,422,440	2.0%	1,221
2013	11,112,764	3,570,000	395,000	365,000	15,442,764	(282,742)		15,160,022	1.8%	1,140
2014	23,876,889	765,000	320,000	245,000	25,206,889	(279,438)		24,927,451	2.7%	1,690
2015	22,541,707	520,000	240,000	125,000	23,426,707	(351,067)		23,075,640	2.4%	1,527
2016	21,141,525	265,000	160,000	-	21,566,525	(364,915)		21,201,610	1.9%	1,382
2017	19,701,343	-	80,000	-	19,781,343	(372,025)		19,409,318	1.6%	1,232

Source: Live Oak Annual Budget and Bexar Appraisal District.

\*Resources have been externally restricted for the repayment of the principal of debt.

CITY OF LIVE OAK, TEXAS  
LEGAL DEBT MARGIN  
LAST TEN FISCAL YEARS  
(UNAUDITED)

ASSESSED VALUE	\$ <u>1,217,218,698</u>
*DEBT LIMIT (10% of ASSESSED VALUE)	\$ <u>121,721,870</u>
Outstanding Debt	\$ 19,781,343
Less: Amount Set Aside for Repayment of General Obligation Debt	<u>(372,025)</u>
Total Net Debt Applicable to Limit	<u>19,409,318</u>
 ECONOMIC DEBT MARGIN	 \$ <u>102,312,552</u>

	FISCAL			
	2008	2009	2010	2011
Debt Limit	\$ 72,281,861	\$ 79,578,338	\$ 81,956,969	\$ 79,437,171
Total Net Debt Applicable to Limit	<u>(18,996,178)</u>	<u>(18,044,640)</u>	<u>(17,086,955)</u>	<u>(16,178,117)</u>
 ECONOMIC DEBT MARGIN	 <u>\$ 53,285,683</u>	 <u>\$ 61,533,698</u>	 <u>\$ 64,870,014</u>	 <u>\$ 63,259,054</u>

\*Texas statutes do not prescribe a debt limit, however, by custom a practical debt limit of 10% of the assessed valuation is used.



TABLE 13

YEAR						
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
	\$ 81,284,204	\$ 85,615,698	\$ 91,530,165	\$ 96,846,853	\$ 110,771,332	\$ 121,721,870
	<u>(16,178,237)</u>	<u>(14,567,258)</u>	<u>(24,682,451)</u>	<u>(23,227,774)</u>	<u>(21,201,610)</u>	<u>(19,409,318)</u>
	<u>\$ 65,105,967</u>	<u>\$ 71,048,440</u>	<u>\$ 66,847,714</u>	<u>\$ 73,619,079</u>	<u>\$ 89,569,722</u>	<u>\$ 102,312,552</u>

CITY OF LIVE OAK, TEXAS  
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
SEPTEMBER 30, 2017  
(UNAUDITED)

TABLE 14

GOVERNMENTAL UNIT	DEBT OUTSTANDING	ESTIMATED PERCENTAGE APPLICABLE*	ESTIMATED SHARE OF OVERLAPPING DEBT
<i>Debt Repaid with Property Taxes:</i>			
Alamo CCD	\$ 645,625,000	0.84%	\$ 5,423,250
Bexar County	1,692,000,000	0.95%	16,074,000
Bexar County Hospital District	643,960,000	0.81%	5,216,076
Judson ISD	575,824,205	11.98%	68,983,740
North East ISD	1,250,285,000	1.11%	<u>13,878,164</u>
Subtotal - Overlapping Debt			109,575,230
City of Live Oak - Direct Debt			<u>19,781,343</u>
TOTAL DIRECT AND OVERLAPPING DEBT			<u>\$ 129,356,573</u>

Source: Municipal Advisory Council of Texas

*\*NOTE: Overlapping governments are those that coincide, as least in part, within the geographic boundaries of the City. This schedule estimates the portion of outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Live Oak, Texas. This process recognizes that, when considering the City of Live Oak's ability to issue and repay long-term debt, the entire debt burden borne by 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.*

CITY OF LIVE OAK, TEXAS  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS  
(UNAUDITED)

TABLE 15

<u>YEAR</u>	<u>POPULATION</u>	<u>PERSONAL INCOME</u> <small>(expressed in 1,000's)</small>	<u>PER CAPITA PERSONAL INCOME</u>	<u>MEDIAN AGE</u>	<u>SCHOOL ENROLLMENT</u>	<u>UNEMPLOYMENT RATE</u>
2008	12,500	293,750	23,500	36.5	3,240	5.1%
2009	13,142	283,696	21,587	34.3	6,298	6.8%
2010	13,500	291,425	21,587	35.3	7,155	7.6%
2011	13,131	310,942	23,680	36.5	7,346	7.0%
2012	13,455	316,300	23,508	35.5	6,849	7.1%
2013	13,301	314,582	23,651	35.5	6,982	5.9%
2014	14,751	345,026	23,390	35.5	6,997	4.7%
2015	15,116	382,223	25,286	37.4	6,999	3.2%
2016	15,346	454,671	29,628	37.9	7,272	3.9%
2017	15,749	498,755	31,669	38.6	7,197	3.2%

Sources: Population, per capita income and median age information provided by the United States Census Bureau. School enrollment information was provided by the Judson Independent School District and Alamo Colleges. Unemployment rate was provided by the Texas Workforce Commission.

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CITY OF LIVE OAK, TEXAS  
PRINCIPAL EMPLOYERS  
CURRENT YEAR AND NINE YEARS AGO  
(UNAUDITED)

TABLE 16

EMPLOYER	2017			2008*		
	EMPLOYEES	RANK	PERCENTAGE OF TOTAL CITY EMPLOYMENT	EMPLOYEES	RANK	PERCENTAGE OF TOTAL CITY EMPLOYMENT
H-E-B	20,000	1	1.98%	N/A	N/A	N/A
USAA	17,000	2	1.68	N/A	N/A	N/A
Northside ISD	12,751	3	1.26	N/A	N/A	N/A
North East I.S.D.	10,052	4	0.99	N/A	N/A	N/A
City of San Antonio	9,145	5	0.90	N/A	N/A	N/A
Methodist Healthcare System	8,118	6	0.80	N/A	N/A	N/A
San Antonio I.S.D.	7,000	7	0.69	N/A	N/A	N/A
Baptist Health System	6,498	8	0.64	N/A	N/A	N/A
JP Morgan Chase	5,200	9	0.51	N/A	N/A	N/A
Wells Fargo	<u>5,153</u>	10	<u>0.51</u>	N/A	N/A	N/A
TOTALS	<u>100,917</u>		<u>9.98%</u>			

Source: San Antonio Economic Development Foundation.

The City of Live Oak, Texas is surrounded by the City of San Antonio. The above data is for San Antonio.

\*Information from nine years ago not available.

EMPLOYER	2017	
	EMPLOYEES	RANK
Randolph Brooks Federal Credit Union	1,082	1
NE Methodist Hospital	751	2
Northeast Lakeview College	470	3
Judson ISD	352	4
Target	180	5
Jordan Ford	171	6
Home Depot	165	7
Best Buy	150	8
World Car	125	9
City of Live Oak	<u>114</u>	10
	<u>3,560</u>	

Source: City of Live Oak, Texas

The above data is for the City of Live Oak and is for informational purposes only.

CITY OF LIVE OAK, TEXAS  
OPERATING INDICATORS BY FUNCTION  
LAST TEN FISCAL YEARS  
(UNAUDITED)

FUNCTION	2008	2009	2010	2011
<b>Police</b>				
Traffic Violations	6,637	3,302	3,268	4,562
Arrests	551	591	614	484
<b>Fire</b>				
Fire Calls	228	431	278	596
EMS Calls	904	914	1,102	1,041
Inspections	4,648	3,163	541	95
<b>Public Works</b>				
Street Resurfacing (Miles)	8	2.27	7.40	0.50
Sidewalk Construction (Feet)	11,509	14,092	8,290	5,423
<b>Water</b>				
Service Connections	2,582	2,597	2,537	2,611
Average Daily Consumption in Gallons				
Pumpage	1,011,153	997,801	998,507	1,076,258
Billing	1,002,776	989,686	999,608	1,090,771
Average	1,006,964	988,250	999,057	1,083,514
<b>Sewage</b>				
Service Connections	4,172	4,290	4,270	4,435
Average Daily Treatment of Gallons	1,355,748	1,284,610	837,573	1,245,783

Source: Various City Departments

TABLE 17

2012	2013	2014	2015	2016	2017
4,367	2,425	8,706	5,494	4,110	4,345
534	545	545	411	305	242
284	373	308	436	594	673
1,197	1,166	1,128	1,017	1,011	1,043
239	206	415	923	1,083	1,043
0.10	-	-	1.16	1.16	14.2
2,890	1,906	155	1,056	1,056	-
2,689	2,696	2,731	2,777	2,885	2,876
1,042,873	1,057,638	1,026,292	1,226,056	1,386,816	1,200,000
1,029,259	1,039,478	1,015,011	1,037,195	1,236,047	1,040,341
1,036,066	1,048,558	1,533,798	1,131,626	1,311,432	1,120,171
4,550	4,589	4,710	4,713	4,716	4,720
1,134,022	1,203,647	1,266,534	761,108	1,236,046	1,200,000

CITY OF LIVE OAK, TEXAS  
CAPITAL ASSET STATISTICS BY FUNCTION  
LAST TEN FISCAL YEARS  
(UNAUDITED)

TABLE 18

<u>FUNCTION</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Officers (including reserves)	31	35	36	35	35	38	36	35	35	35
Fire										
Stations	1	1	1	1	1	1	1	1	1	1
Firefighters (including reserves)	20	20	22	23	22	22	22	22	22	22
Culture and Recreation										
Community Centers	1	1	1	1	1	1	1	1	1	1
Parks	2	3	3	3	3	3	3	3	3	3
Swimming Pools	1	1	1	1	1	1	1	1	1	1
Public Works										
Miles of Streets	45.20	45.20	45.20	45.20	45.20	45.20	45.00	45.00	45.47	45.47
Water										
Miles of Water Mains	30.0	30.0	30.0	30.0	35.0	35.0	35.0	35.0	35.0	55
Number of Hydrants	300	435	436	436	436	436	436	440	440	440
Sewer										
Miles of Sanitary Sewers	43	43	43	43	43	43	43	43	43	60
Feet of Storm Sewers	13,200	13,200	13,200	13,400	13,400	13,400	13,400	13,400	13,400	13,400

Source: Various City Departments



CITY OF LIVE OAK, TEXAS  
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION  
LAST TEN FISCAL YEARS  
(UNAUDITED)

TABLE 19

<u>FUNCTION</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
General Government										
Business Office	12	11	9	11	12	10	9	9	9	9
Finance	4	4	4	5	5	5	4	4	6	6
Manager	3	3	3	3	3	1	1	1	1	1
Police										
Officers	30	31	32	32	32	32	32	32	32	32
Civilians	14	14	14	15	15	15	15	15	18	16
Fire										
Civilians	1	1	1	1.5	1.5	1.5	1.5	1.5	1	-
Firefighters and Officers	17	20	20	20	20	20	20	20	20	20
Public Works	17	11	12	12	11	10	11	11	7	7
Development	5	3	4	3.5	3.5	3.5	3.5	3.5	4	4
Parks	5	7	6	6	7	7	6	6	6	6
Water and Sewer	8	13	13	13	13	16	16	16	13	13
Civic Center	-	3	3	3	3	3.5	-	-	-	-
TOTALS	<u>116</u>	<u>121</u>	<u>121</u>	<u>120</u>	<u>124.5</u>	<u>124.5</u>	<u>119.0</u>	<u>119.0</u>	<u>117.3</u>	<u>114.3</u>

Source: City Annual Budget.

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## COMPLIANCE SECTION

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

To the Honorable Mayor and  
Members of the City Council  
Live Oak, Texas

We have audited, 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, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Live Oak, Texas, (the City) as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the City of Live Oak, Texas' basic financial statements, and have issued our report thereon dated February 13, 2018.

Internal Control Over Financial Reporting

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

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

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

#### Compliance and Other Matters

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

#### Purpose of this Report

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

ABIP, PC

Certified Public Accountants  
San Antonio, Texas

February 13, 2018