

CITY OF LIVE OAK, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED SEPTEMBER 30, 2014

Prepared by:
Finance Department
Leroy Kowalik, Director of Finance

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INTRODUCTORY SECTION

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January 21, 2015

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, 2014.

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, 2014 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, 2014 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, 2014, the City has a land area of approximately 5.5 square miles and an estimated population of 14,751. 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 2016) and the three remaining members in 2015. 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 and fire 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 46-47 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 is a principal in the City of Live Oak Incremental Reinvestment Zone #1 for partial funding of tax increment financing and infrastructure improvements for the Woodcrest Residential Development (see Note 9, Commitments and Contingencies, pages 46-47 of the notes to the financial statement). As of September 30, 2014, the City has met all its financial obligations under the TIRZ agreement.

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 blended 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 20th 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 over the last five to six years. Texas and more precisely, the San Antonio area, has weathered the pitfalls of uncertainties in the economy and continued to perform better than many areas around the nation. The City enjoyed several grand openings of retail and food establishments in 2014 with many more to come in 2015. Northeast Lakeview College, with their Alamo University Center, continued to offer over 20 undergraduate and graduate degree programs under one roof from five 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.

Other economy indicators such as the unemployment rate and housing permits have remained positive in this area as compared to the national level. For the most part, the City's residential subdivisions are at build out. A second phase to one of the City's high-end apartment facilities was recently completed doubling its size. Sales tax receipts throughout the year saw higher levels than last year. At year end, sales tax revenue came in just over budget. The economy continued to have a weak effect on interest income and building permits (commercial) revenue this past year, although, things have improved from prior year and are looking up for 2015.

The City recently sold its Civic Center which was in existence since 1992 with the hopes of turning this property back to retail. Since the sale, City staff and a developer have progressed through the process of landing a select service Hilton Garden Inn Hotel with a conference center.

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 is starting to show signs of stability and perhaps even starting to move in a more positive manner. 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 recently 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. The City of Live Oak is proud to say that construction is underway on the Hilton Garden Inn and Live Oak Conference Center, a 54th Street Bar & Grill and a McAllister's Deli. Burger King opened its door in 2014. The three restaurants are all contained within the old civic center property and the hotel and conference center is on adjacent land. Several commercial businesses recently opened their doors in the Gateway Plaza, including Cavendar Cadillac car dealership, At Home retail store and Little Caesar's Pizza. 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.

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 2014 budget, Council endorsed a financial policy that would have utilized \$856,772 of reserves to be used for contingencies (\$200,000), capital or capital related purchases (\$363,272), and one-time and/or emergency expenditures (\$293,500).

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.

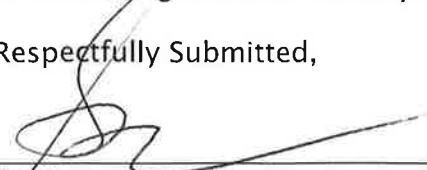
The City Council called for a May 2014 bond election, where three of the four bond proposals passed. Two of the approved proposals call for various street improvements throughout the City and a traffic signal at one of the City's busy intersections. The third proposal calls for lighting around the City's ball fields and a walking trail. The Parks improvement project for the Woodcrest Park is substantially complete with some small improvements being identified for 2015. During the 2013/2014 budget process, several projects such as improvements at the City's pool, planning and engineering work for the Lookout Road MPO project and a painting project for our Well Site #1 ground storage water tank were identified. Many of these projects were either completed or started in Fiscal Year 2014 and completed in Fiscal Year 2015.

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, 2013. This was the seventh 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

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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, 2013

Executive Director/CEO

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CITY OF LIVE OAK, TEXAS
ELECTED AND APPOINTED OFFICIALS
YEAR ENDED SEPTEMBER 30, 2014

Elected Officials

Mary M. Dennis
Mayor

Aaron Dahl
Councilmember, Place 5, Mayor Pro Tem

Ed Cimics
Councilmember, Place 4

Eric Sanchez
Councilmember, Place 3

Mendell D. Morgan, Jr.
Councilmember, Place 1

Robert "Bob" Tullgren
Councilmember, Place 2

Appointed Officials

Scott Wayman
City Manager

Jordan Matney
Assistant City Manager

Leroy Kowalik
Finance Director

Charles Foster
Fire Chief

Mark Wagster
Public Works Director

Denton, Navarro, Rocha & Bernal
City Attorney

ABIP, P.C.
City Auditor

Kenneth Evans
Police Chief

Deborah Goza
City Secretary

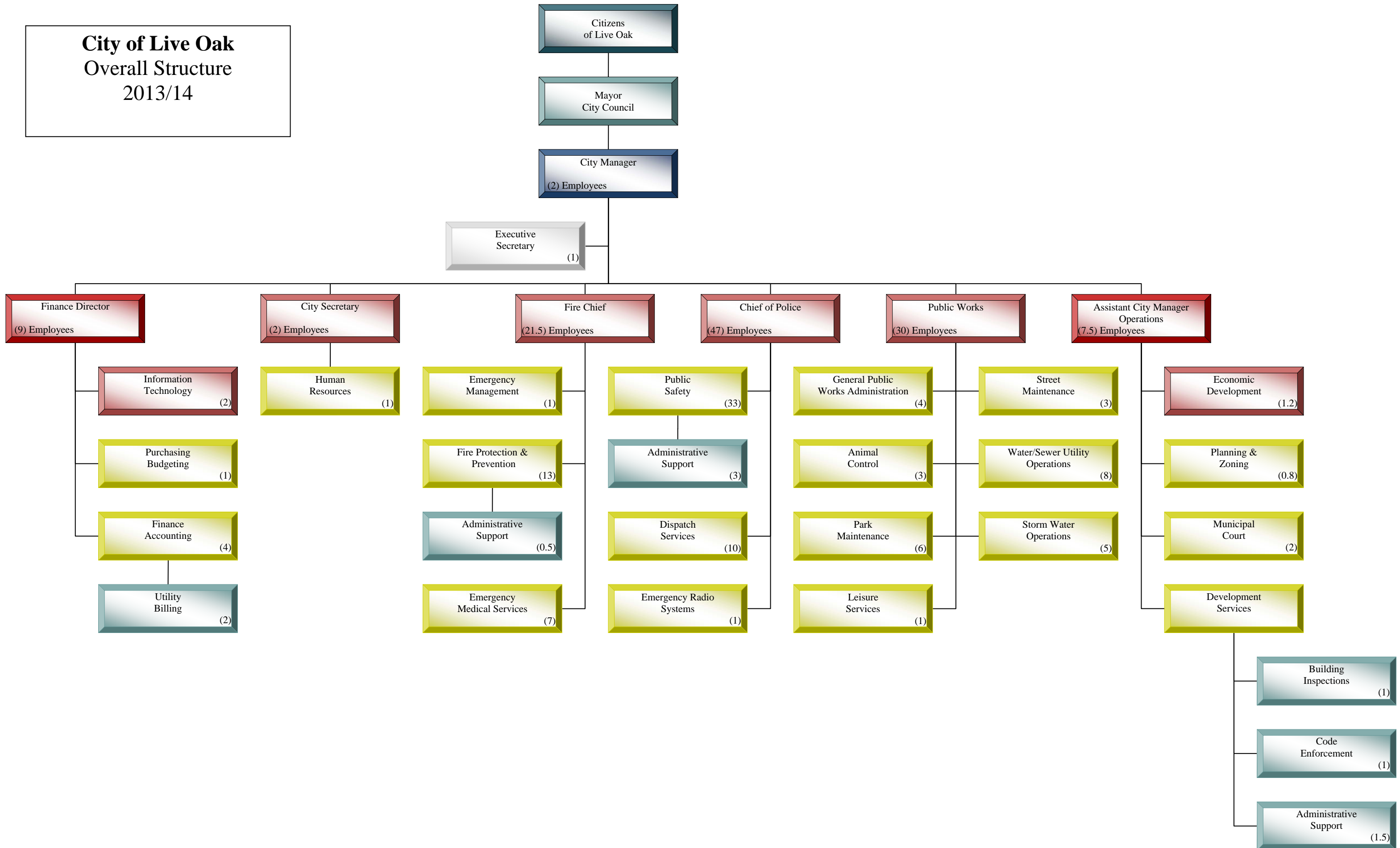
Jim Nardone
Information Technology
Director

Ed Phillips
Municipal Court Judge

Vacant
Manager of Economic and
Community Development

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**City of Live Oak
Overall Structure
2013/14**



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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

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, 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, 2014, 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, each major fund and the aggregate remaining fund information of the City of Live Oak, Texas as of September 30, 2014, 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 funding progress on pages 5 through 16 and 50 through 54 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 January 21, 2015, 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

January 21, 2015

CITY OF LIVE OAK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2014

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, 2014. 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 ix-xiii of this report.

FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities at September 30, 2014 by \$28,914,901 (net position). Of this amount \$13,025,318 (unrestricted net position), may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net position increased by \$165,370. A majority of this increase is attributable to increased collections of property, sales, and franchise taxes.
- As of September 30, 2014 the City's governmental funds reported combined ending fund balances of \$24,087,160, an increase of \$11,055,167.
- The total debt of the City's governmental activities increased by \$9,783,214 and business-type activities decreased from \$470,453 to \$354,044.

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, (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 19-20 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 fifteen (15) 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, economic development corporation, 2014 general obligation bond fund, and the debt service fund, which are considered to be major funds. Data from the other eleven (11) governmental funds are combined into a single, aggregated presentation. Details of the eleven (11) non-major governmental funds are presented in the other supplementary information section which begins on page 58. 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 21-24 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 25-28 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 29-48 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 economic development corporation budgetary comparisons. Required supplementary information can be found on pages 49-54 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 55-72 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 \$28,914,901 (net position). Of this amount, \$13,025,318 (unrestricted net position) may be used to meet the ongoing obligations to citizens and creditors.

The largest portion of the City’s net position (45%) is unrestricted while approximately the same amount (44%) 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. An additional portion of the City’s net position (11%) represents resources that are subject to external restrictions on how they may be used.

NET POSITION

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	2014	2013	2014	2013	2014	2013
ASSETS						
Current and Other Assets	\$ 25,846,023	\$ 14,652,657	\$ 2,950,306	\$ 2,883,704	\$ 28,796,329	\$ 17,536,361
Capital Assets	<u>22,379,212</u>	<u>23,492,053</u>	<u>5,270,941</u>	<u>5,460,397</u>	<u>27,650,153</u>	<u>28,952,450</u>
Total Assets	<u>48,225,235</u>	<u>38,144,710</u>	<u>8,221,247</u>	<u>8,344,101</u>	<u>56,446,482</u>	<u>46,488,811</u>
DEFERRED OUTFLOWS						
	<u>238,528</u>	<u>310,014</u>	<u>-</u>	<u>-</u>	<u>238,528</u>	<u>310,014</u>
LIABILITIES						
Current Liabilities	2,739,639	2,203,973	619,416	535,429	3,359,055	2,739,402
Long-Term Liabilities	<u>24,068,616</u>	<u>14,660,225</u>	<u>342,438</u>	<u>339,653</u>	<u>24,411,054</u>	<u>14,999,878</u>
Total Liabilities	<u>26,808,255</u>	<u>16,864,198</u>	<u>961,854</u>	<u>875,082</u>	<u>27,770,109</u>	<u>17,739,280</u>
NET POSITION						
Net Investment in Capital Assets	7,684,247	8,441,921	5,025,941	5,095,397	12,710,188	13,537,318
Restricted	3,179,395	3,018,682	-	-	3,179,395	3,018,682
Unrestricted	<u>10,791,866</u>	<u>10,129,923</u>	<u>2,233,452</u>	<u>2,373,622</u>	<u>13,025,318</u>	<u>12,503,545</u>
TOTAL NET POSITION	<u>\$ 21,655,508</u>	<u>\$ 21,590,526</u>	<u>\$ 7,259,393</u>	<u>\$ 7,469,019</u>	<u>\$ 28,914,901</u>	<u>\$ 29,059,545</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, 2014, the City's net position increased by \$165,370. A majority of this increase is attributable to increased collections of property, sales, and franchise taxes.

The following table indicates changes in net position for the governmental and business-type activities for the City as of September 30, 2014.

	<u>CHANGES IN NET POSITION</u>					
	<u>GOVERNMENTAL ACTIVITIES</u>		<u>BUSINESS-TYPE ACTIVITIES</u>		<u>TOTAL</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
<u>REVENUES</u>						
Program Revenues						
Charges for Services	\$ 1,081,647	\$ 1,544,311	\$4,045,690	\$3,979,285	\$ 5,127,337	\$ 5,523,596
Operating Grants & Contributions	15,635	3,095	-	-	15,635	3,095
Capital Grants & Contributions	-	413,886	-	-	-	413,886
General Revenues						
Property Taxes	3,877,655	3,728,011	-	-	3,877,655	3,728,011
Sales Taxes	6,512,987	6,265,374	-	-	6,512,987	6,265,374
Franchise Taxes	1,060,879	818,781	-	-	1,060,879	818,781
Beverage Taxes	94,889	74,078	-	-	94,889	74,078
Occupancy Taxes	403,004	345,329	-	-	403,004	345,329
Investment Earnings	37,346	58,912	746	2,233	38,092	61,145
Sale of Capital Assets	-	1,577,767	-	-	-	1,577,767
Miscellaneous	39,380	18,231	-	-	39,380	18,231
Total Revenues	<u>13,123,422</u>	<u>14,847,775</u>	<u>4,046,436</u>	<u>3,981,518</u>	<u>17,169,858</u>	<u>18,829,293</u>
<u>EXPENSES</u>						
General Government	3,247,132	2,894,648	-	-	3,247,132	2,894,648
Public Safety	6,176,238	6,082,404	-	-	6,176,238	6,082,404
Public Works	2,496,790	2,645,246	-	-	2,496,790	2,645,246
Community Services	194,147	168,400	-	-	194,147	168,400
Interest on Long-Term Debt	883,904	714,076	-	-	883,904	714,076
Water and Wastewater Utilities	-	-	3,112,081	2,967,953	3,112,081	2,967,953
Utility Development Replacement and Renewal	-	-	495,952	227,632	495,952	227,632
Storm Water Utilities	-	-	398,244	408,917	398,244	408,917
Total Expenses	<u>12,998,211</u>	<u>12,504,774</u>	<u>4,006,277</u>	<u>3,604,502</u>	<u>17,004,488</u>	<u>16,109,276</u>
Increase in Net Position before Transfers	125,211	2,343,001	40,159	377,016	165,370	2,720,017
<u>TRANSFERS</u>	<u>249,785</u>	<u>272,724</u>	<u>(249,785)</u>	<u>(272,724)</u>	<u>-</u>	<u>-</u>
Change in Net Position	374,996	2,615,725	(209,626)	104,292	165,370	2,720,017
<u>NET POSITION - BEGINNING, AS RESTATED</u>	<u>21,280,512</u>	<u>18,974,801</u>	<u>7,469,019</u>	<u>7,364,727</u>	<u>28,749,531</u>	<u>26,339,528</u>
NET POSITION - ENDING	<u>\$21,655,508</u>	<u>\$21,590,526</u>	<u>\$7,259,393</u>	<u>\$7,469,019</u>	<u>\$28,914,901</u>	<u>\$29,059,545</u>

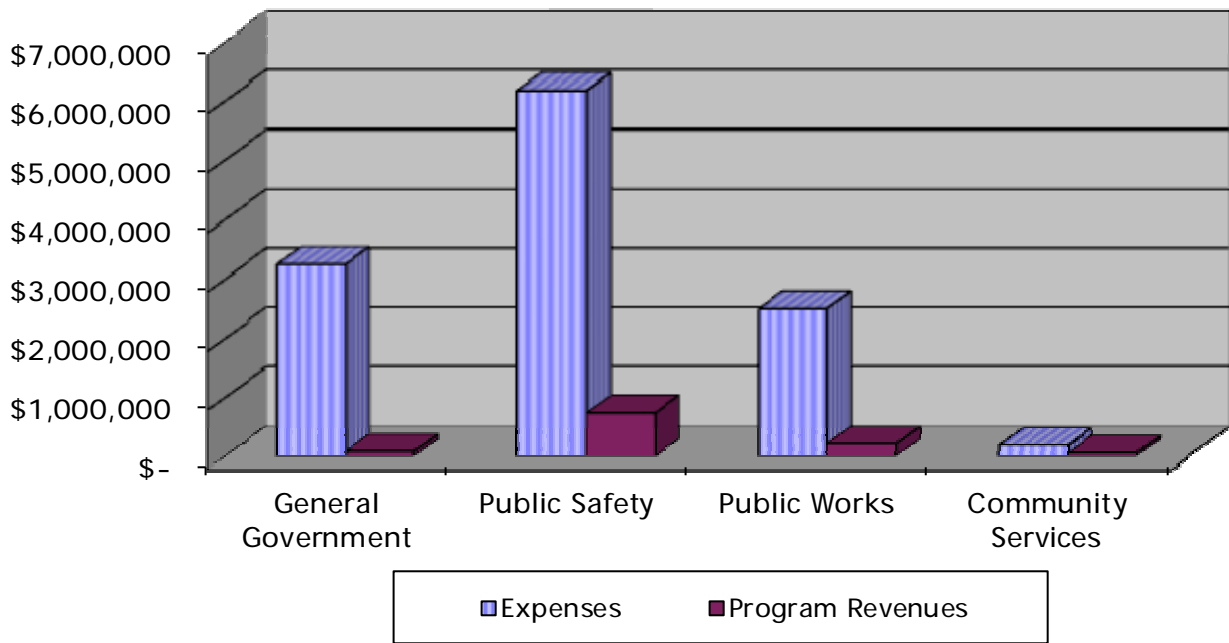
Governmental Activities – Governmental activities increased the City’s net position by \$374,996.

Key elements are as follows:

- Charges for services decreased by \$462,664
- Operating grants and contributions increased by \$12,540
- Sales taxes increased by \$247,613
- Property taxes increased by \$149,644
- Franchise taxes increased by \$242,098
- Occupancy taxes increased by \$57,675
- Public works decreased by \$148,456

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

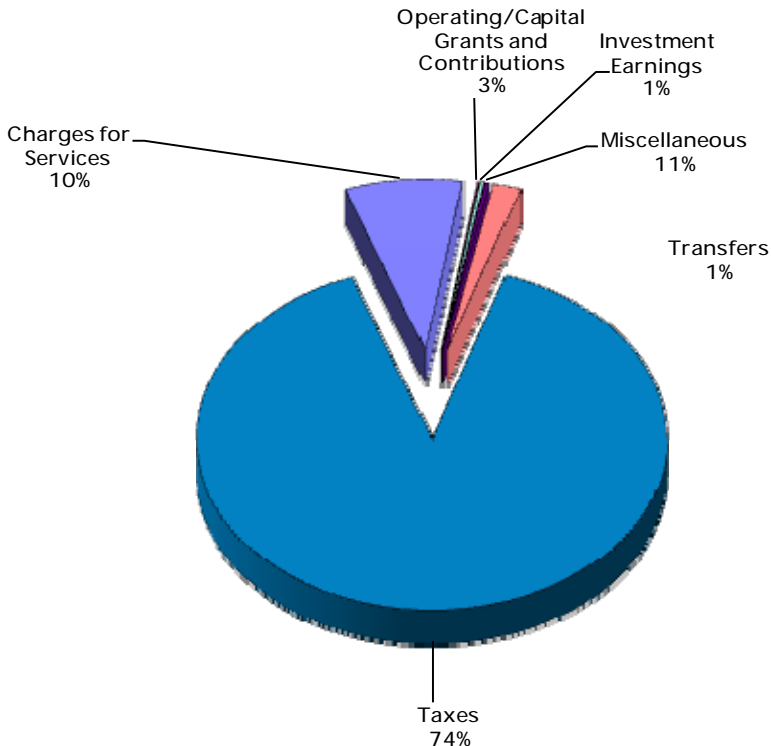
EXPENSES AND PROGRAM REVENUES - GOVERNMENTAL ACTIVITIES



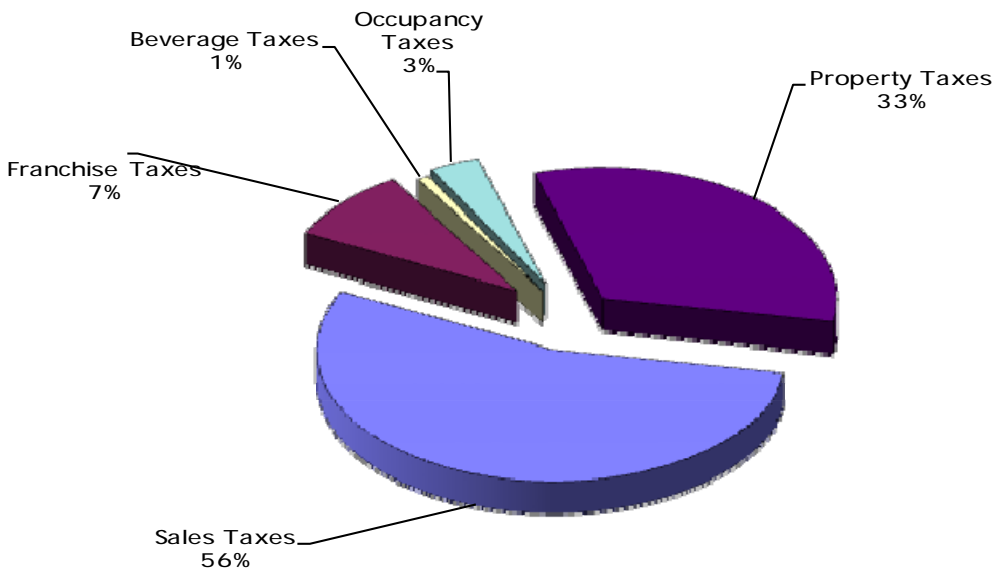
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The following charts show first the revenues by source and second the tax revenue by source for all governmental activities.

REVENUES BY SOURCE - GOVERNMENTAL ACTIVITIES



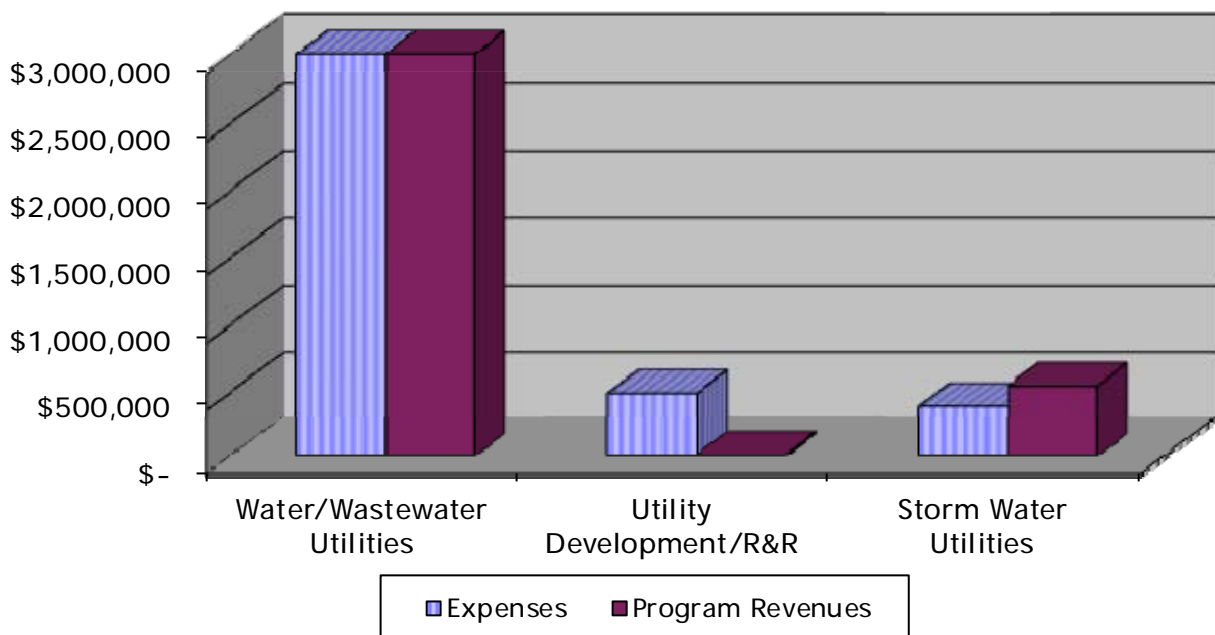
TAX REVENUE BY SOURCE - GOVERNMENTAL ACTIVITIES



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 \$209,626. This decrease was due to primarily to an increase in maintenance expenditures due to main breaks, an increase in sewer treatment costs, and a water storage 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.

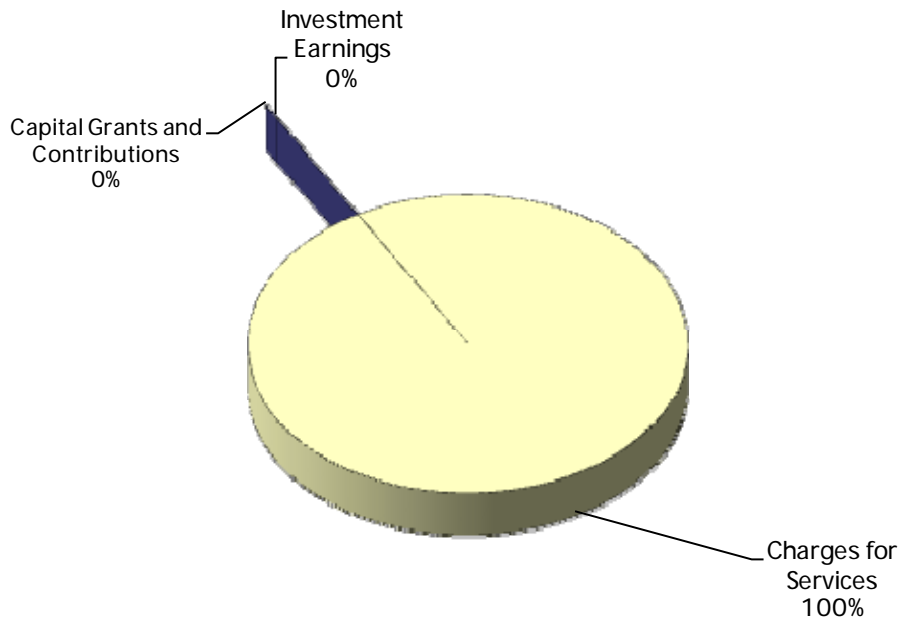
EXPENSES AND PROGRAM REVENUES – BUSINESS-TYPE ACTIVITIES



The revenues in the current fiscal year for the business-type activities increased by \$64,918 from 2013. The total expenditures for the business-type activities also increased by \$401,775 from 2013. The primary reason for the increase in revenues is attributable to an increase in water and sewer sales. The primary reason for the increase in expenditures from 2013 was attributable to an increase in sewer treatment costs, higher maintenance costs, and expenses 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 \$24,087,160, an increase of approximately \$11,055,167 from the prior year. This increase is due primarily to the issuance of general obligation bonds. \$6,816,883 (28.30%) of the ending fund balance is unassigned, which is available for spending at the City’s discretion. The remaining amount of \$17,270,277 (71.70%) 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 \$6,816,883 compared to \$6,516,011 in 2013, an increase of \$300,872. This increase was primarily attributable to increased collections of property, sales, and franchise taxes. 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 Economic Development Corporation Fund is used to account for the receipt and disbursement of Section 4B sales tax. At the end of the current fiscal year, the committed fund balance in this fund was \$1,506,054, an increase of \$254,369. This increase was a result of an increase in sales tax revenue.

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 committed fund balance in this fund was \$10,266,924. The 2014 general obligation bond fund is a new fund this year with the sale of general obligation bonds.

The debt service fund had a total restricted fund balance of \$279,438 at the end of the current fiscal year. The total fund balance is restricted for the payment of debt service. The net decrease was \$3,304 in fund balance from 2013.

Proprietary Funds – The City's proprietary funds provide the same type of information found in the government-wide financial statements. Unrestricted net assets 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 \$2,233,452 or 55.8% of annual operating and non-operating expenses for the funds.

BUDGETARY HIGHLIGHTS

General Fund – Differences between the original budget and the final amended budget amounted to no overall net change in fund balance; although there were several approved budget amendments during the 2014 fiscal year. The primary changes were as follows:

- \$140,000 – Decrease of City Council for contingencies.
- \$9,240 – Decrease in various non-capital items.
- \$149,240 – Increase in capital outlay.

During the year, revenues were more than budgetary estimates by \$297,121 and expenditures were less than budgetary estimates by \$924,856.

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

- \$297,121 over budget in total revenues
 - Sales Tax – exceeded the budget by \$93,580.
 - Property Taxes – exceeded the budget by \$13,648.
 - Franchise Taxes – exceeded the budget by \$257,041 primarily because of a mid-year increase to the City Public Service franchise fee percentage.
 - Fines and Fees – exceeded the budget by \$41,582.
 - Permits and Fees – were less than budgeted by \$110,958 because of the decreased volume of building permits and licenses due to delays in development.
 - Investment Earnings – were less than budgeted by \$43,043 because of lower interest rates due to the economy.
- \$924,856 under budget in total expenditures
 - General Government –
 - Council – did not utilize the contingency budget.
 - City Manager – miscellaneous savings throughout accounts.
 - City Secretary – professional fees and property and liability insurance came in lower than expected and less software purchases.
 - Municipal Court – professional fees came in lower than expected.
 - Finance and Planning and Zoning – expenditures for various accounts came in lower than expected such as professional fees.
 - Development Services – expenditures for contract building inspections came in lower than expected.
 - Public Works – primarily due to personnel vacancies, lower than anticipated petroleum costs and utilities, some unspent emergency contingencies and other various savings.
 - Public Safety – primarily due to personnel vacancies.
 - Community Services – primarily due to lower supplies, maintenance and utility costs and unspent recreational capital.
 - Capital Outlay – some capital assets purchases were deferred or purchased at a lower cost.

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, 2014 amounted to \$27,650,153 (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 4.5%.

At the end of fiscal year 2014, 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 streets and improvements and machinery and equipment categories. The City also increased its construction in progress.

The following table shows capital asset activity for the 2014 fiscal year with comparison for 2013. If more detailed information is desired on the City's capital asset activity, please refer to Note 5 (pages 40-41) as presented in the notes to the financial statements.

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	2014	2013	2014	2013	2014	2013
<u>Capital Assets - Not Depreciated</u>						
Land	\$ 1,206,394	\$ 1,206,394	\$ 8,770	\$ 8,770	\$ 1,215,164	\$ 1,215,164
Water Rights	647,021	647,021	583,531	583,531	1,230,552	1,230,552
Construction in Progress	237,616	87,690	-	-	237,616	87,690
Total Capital Assets - not Depreciated	<u>2,091,031</u>	<u>1,941,105</u>	<u>592,301</u>	<u>592,301</u>	<u>2,683,332</u>	<u>2,533,406</u>
<u>Capital Assets - Depreciated</u>						
Buildings and Improvements	12,935,772	12,935,772	-	-	12,935,772	12,935,772
Streets and Improvements	13,814,506	13,666,552	-	-	13,814,506	13,666,552
Machinery and Equipment	6,683,181	6,659,353	1,368,184	1,252,760	8,051,365	7,912,113
Water and Wastewater System	-	-	9,800,082	9,800,082	9,800,082	9,800,082
Total Capital Assets - Depreciated	<u>33,433,459</u>	<u>33,261,677</u>	<u>11,168,266</u>	<u>11,052,842</u>	<u>44,601,725</u>	<u>44,314,519</u>
Less: Accumulated Depreciation	<u>(13,145,278)</u>	<u>(11,710,729)</u>	<u>(6,489,626)</u>	<u>(6,184,746)</u>	<u>(19,634,904)</u>	<u>(17,895,475)</u>
CAPITAL ASSETS - NET	<u>\$22,379,212</u>	<u>\$23,492,053</u>	<u>\$5,270,941</u>	<u>\$5,460,397</u>	<u>\$27,650,153</u>	<u>\$28,952,450</u>

Long-Term Debt – At the end of the current fiscal year, the City had total bonded debt outstanding of \$23,440,000. This amount is backed by the full faith and credit of the City. The City's total debt increased approximately \$8,225,000, or 54.0%, during the fiscal year.

	2014	2013
General Obligation Bonds, Series 2004	\$ -	\$8,010,000
Certificates of Obligation, Series 2005	765,000	3,570,000
General Obligation Refunding Bonds, Series 2010	2,595,000	2,875,000
Tax Notes, Series 2012	565,000	760,000
General Obligation and Refunding Bonds, Series 2014	19,515,000	-

The City maintained its A1 rating from Moody's Investor Services during the recent 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 42-43) 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 2014 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 went up in 2014 but are projected to stabilize somewhat in 2015. Sales tax revenues continue to show signs of a recovering economy but will continually be monitored. A minimal 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 2014 was \$0.445401 per \$100 valuation, a decrease of \$0.017754 from 2013. Of this tax rate, \$0.35636 is utilized for general fund activities. The remaining amount of \$0.089041 is used for debt service. 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 over the last five to six years. Texas and more precisely, the San Antonio area, has weathered the pitfalls of uncertainties in the economy and continued to perform better than many areas around the nation. The City enjoyed several grand openings of retail and food establishments in 2014 with many more to come in 2015. Northeast Lakeview College, with their Alamo University Center, continued to offer over 20 undergraduate and graduate degree programs under one roof from five 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.

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 is starting to show signs of stability and perhaps even starting to move in a more positive manner. 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, 2014

<u>ASSETS</u>	<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS-TYPE ACTIVITIES</u>	<u>TOTAL</u>
Cash and Cash Equivalents	\$ 15,735,245	\$ 2,468,723	\$ 18,203,968
Investments	8,252,550	-	8,252,550
Receivables - Net of Allowances for Uncollectibles:			
Taxes	1,501,938	-	1,501,938
Customer Accounts	325,991	440,365	766,356
Due from Other Governments	-	41,218	41,218
Prepaid Items	10,457	-	10,457
Accrued Interest	19,842	-	19,842
Deferred Charges	-	-	-
Capital Assets			
Land	1,206,394	8,770	1,215,164
Water Rights	647,021	583,531	1,230,552
Buildings and Improvements	12,935,772	-	12,935,772
Streets and Improvements	13,814,506	-	13,814,506
Machinery and Equipment	6,683,181	1,368,184	8,051,365
Water and Wastewater System	-	9,800,082	9,800,082
Construction in Progress	237,616	-	237,616
Less: Accumulated Depreciation	<u>(13,145,278)</u>	<u>(6,489,626)</u>	<u>(19,634,904)</u>
TOTAL ASSETS	<u>48,225,235</u>	<u>8,221,247</u>	<u>56,446,482</u>
 <u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred Charge on Bond Refunding	<u>238,528</u>	<u>-</u>	<u>238,528</u>
 <u>LIABILITIES</u>			
Accounts Payable	565,266	444,379	1,009,645
Accrued Liabilities	288,748	35,853	324,601
Unearned Revenue	2,231	-	2,231
Customer Deposits	-	127,578	127,578
Accrued Interest Payable	149,173	-	149,173
Noncurrent Liabilities			
Due Within One Year	1,734,221	11,606	1,745,827
Due in More than One Year	<u>24,068,616</u>	<u>342,438</u>	<u>24,411,054</u>
Total Liabilities	<u>26,808,255</u>	<u>961,854</u>	<u>27,770,109</u>
 <u>NET POSITION</u>			
Net Investment in Capital Assets	7,684,247	5,025,941	12,710,188
Restricted			
Weed Abatement	10,416	-	10,416
Hotel Occupancy	2,444,062	-	2,444,062
Court Security and Technology	150,909	-	150,909
Forfeiture	22,663	-	22,663
Child Safety	60,346	-	60,346
Emergency Radio System	149,809	-	149,809
Public Education	61,752	-	61,752
Debt Service	279,438	-	279,438
Unrestricted	<u>10,791,866</u>	<u>2,233,452</u>	<u>13,025,318</u>
Total Net Position	<u>\$ 21,655,508</u>	<u>\$ 7,259,393</u>	<u>\$ 28,914,901</u>

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

CITY OF LIVE OAK, TEXAS
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2014

FUNCTIONS AND PROGRAMS	EXPENSES	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<u>Governmental Activities</u>							
General Government	\$ 3,247,132	\$ 68,028	\$ 15,635	\$ -	\$ (3,163,469)	\$ -	\$ (3,163,469)
Public Safety	6,176,238	734,979	-	-	(5,441,259)	-	(5,441,259)
Public Works	2,496,790	220,522	-	-	(2,276,268)	-	(2,276,268)
Community Services	194,147	58,118	-	-	(136,029)	-	(136,029)
Interest on Long-Term Debt	883,904	-	-	-	(883,904)	-	(883,904)
Total Governmental Activities	<u>12,998,211</u>	<u>1,081,647</u>	<u>15,635</u>	<u>-</u>	<u>(11,900,929)</u>	<u>-</u>	<u>(11,900,929)</u>
<u>Business-Type Activities</u>							
Water and Wastewater Utilities	3,112,081	3,480,567	-	-	-	368,486	368,486
Utility Development							
Replacement and Renewal	495,952	14,922	-	-	-	(481,030)	(481,030)
Storm Water Fund	398,244	550,201	-	-	-	151,957	151,957
Total Business-Type Activities	<u>4,006,277</u>	<u>4,045,690</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>39,413</u>	<u>39,413</u>
Total Government	<u>\$ 17,004,488</u>	<u>\$ 5,127,337</u>	<u>\$ 15,635</u>	<u>\$ -</u>	<u>(11,900,929)</u>	<u>39,413</u>	<u>(11,861,516)</u>
<u>General Revenues</u>							
Taxes:							
Property Taxes					3,877,655	-	3,877,655
Sales Taxes					6,512,987	-	6,512,987
Franchise Taxes					1,060,879	-	1,060,879
Beverage Taxes					94,889	-	94,889
Occupancy Tax					403,004	-	403,004
Investment Earnings					37,346	746	38,092
Miscellaneous					39,380	-	39,380
Transfers					249,785	(249,785)	-
Total General Revenues and Transfers					<u>12,275,925</u>	<u>(249,039)</u>	<u>12,026,886</u>
Change in Net Position					374,996	(209,626)	165,370
Net Position at Beginning of Year, as Restated					<u>21,280,512</u>	<u>7,469,019</u>	<u>28,749,531</u>
NET POSITION AT END OF YEAR					<u>\$ 21,655,508</u>	<u>\$ 7,259,393</u>	<u>\$ 28,914,901</u>

CITY OF LIVE OAK, TEXAS
BALANCE SHEET – GOVERNMENTAL FUNDS
SEPTEMBER 30, 2014

	GENERAL	ECONOMIC DEVELOPMENT CORPORATION	2014 GENERAL OBLIGATION BOND FUND	DEBT SERVICE FUND	OTHER NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS						
Cash and Cash Equivalents	\$ 1,193,859	\$ 602,993	\$ 10,313,383	\$ 350,483	\$ 3,274,527	\$ 15,735,245
Investments	7,462,775	789,775	-	-	-	8,252,550
Receivables - Net of Allowances for Uncollectibles						
Property Taxes	34,886	-	-	9,511	-	44,397
Sales Taxes	843,511	281,170	-	-	-	1,124,681
Occupancy Taxes	-	-	-	-	-	-
Other	524,978	-	-	-	133,873	658,851
Due from Other Governments	-	-	-	-	-	-
Due from Other Funds	2,885	-	-	-	-	2,885
Accrued Interest	19,327	515	-	-	-	19,842
Prepaid Items	10,127	330	-	-	-	10,457
TOTAL ASSETS	<u>\$ 10,092,348</u>	<u>\$ 1,674,783</u>	<u>\$ 10,313,383</u>	<u>\$ 359,994</u>	<u>\$ 3,408,400</u>	<u>\$ 25,848,908</u>
LIABILITIES						
Accounts Payable	\$ 450,178	\$ 13,747	\$ 46,459	\$ -	\$ 54,882	\$ 565,266
Accrued Liabilities	215,722	1,981	-	71,045	-	288,748
Due to Other Funds	-	-	-	-	2,885	2,885
Unearned Revenue	2,231	-	-	-	-	2,231
Total Liabilities	<u>668,131</u>	<u>15,728</u>	<u>46,459</u>	<u>71,045</u>	<u>57,767</u>	<u>859,130</u>
DEFERRED INFLOWS OF RESOURCES						
Unearned Revenue - Taxes	740,436	152,671	-	9,511	-	902,618
FUND BALANCES						
Nonspendable						
Prepaid Items	10,127	330	-	-	-	10,457
Restricted						
Special Revenue Funds	-	-	-	-	2,931,394	2,931,394
Weed Abatement	10,416	-	-	-	-	10,416
Debt Service	-	-	-	279,438	-	279,438
Capital Projects Funds	-	-	10,266,924	-	-	10,266,924
Committed						
Asset Replacement	1,846,355	-	-	-	-	1,846,355
Economic Development	-	1,506,054	-	-	-	1,506,054
Capital Projects Funds	-	-	-	-	419,239	419,239
Unassigned	<u>6,816,883</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,816,883</u>
Total Fund Balances	<u>8,683,781</u>	<u>1,506,384</u>	<u>10,266,924</u>	<u>279,438</u>	<u>3,350,633</u>	<u>24,087,160</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 10,092,348</u>	<u>\$ 1,674,783</u>	<u>\$ 10,313,383</u>	<u>\$ 359,994</u>	<u>\$ 3,408,400</u>	<u>\$ 25,848,908</u>

CITY OF LIVE OAK, TEXAS
RECONCILIATION OF BALANCE SHEET
GOVERNMENTAL FUNDS TO STATEMENT OF NET POSITION
SEPTEMBER 30, 2014

<u>TOTAL FUND BALANCES – GOVERNMENTAL FUNDS</u>	\$ 24,087,160
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	22,379,212
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	902,618
Long-term liabilities are not due and payable in the current period and therefore, not reported in the funds:	
Bonds Payable	\$(23,195,000)
Premium on Bonds Sold	(1,766,889)
Compensated Absences	(316,156)
Accrued Interest on Bonds	(149,173)
Loss on Refunding	238,528
Pension Benefit Obligation	<u>(524,792)</u>
TOTAL NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 21,655,508</u>

CITY OF LIVE OAK, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2014

	GENERAL	ECONOMIC DEVELOPMENT CORPORATION	2014 GENERAL OBLIGATION BOND FUND	DEBT SERVICE FUND	OTHER NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES						
Property Taxes	\$ 3,038,404	\$ -	\$ -	\$ 776,108	\$ -	\$ 3,814,512
Sales Taxes	4,884,741	1,628,246	-	-	-	6,512,987
Franchise Taxes	1,019,041	-	-	-	41,838	1,060,879
Beverage Taxes	94,889	-	-	-	-	94,889
Occupancy Taxes	-	-	-	-	403,004	403,004
Fines and Fees	466,082	-	-	-	41,893	507,975
Permits and Fees	260,592	-	-	-	-	260,592
Service Fees	96,285	-	-	-	27,735	124,020
Intergovernmental	106,013	-	-	-	15,635	121,648
Investment Earnings	34,957	948	399	88	954	37,346
Miscellaneous	87,284	2,000	-	-	-	89,284
Total Revenues	<u>10,088,288</u>	<u>1,631,194</u>	<u>399</u>	<u>776,196</u>	<u>531,059</u>	<u>13,027,136</u>
EXPENDITURES						
Current						
General Government	2,225,077	265,800	317,133	-	231,733	3,039,743
Public Safety	5,472,005	-	-	-	127,400	5,599,405
Public Works	1,687,493	-	-	-	1,828	1,689,321
Community Services	194,147	-	-	-	-	194,147
Debt Service						
Principal	-	-	-	1,155,000	-	1,155,000
Interest and Fiscal Charges	-	-	-	664,989	-	664,989
Bond Issuance Costs	-	-	133,226	136,014	-	269,240
Capital Outlay	271,263	-	36,613	-	191,544	499,420
Total Expenditures	<u>9,849,985</u>	<u>265,800</u>	<u>486,972</u>	<u>1,956,003</u>	<u>552,505</u>	<u>13,111,265</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>238,303</u>	<u>1,365,394</u>	<u>(486,573)</u>	<u>(1,179,807)</u>	<u>(21,446)</u>	<u>(84,129)</u>
OTHER FINANCING SOURCES (USES)						
Transfers In	447,110	-	-	1,040,489	46,676	1,534,275
Transfers Out	(170,300)	(1,114,190)	-	-	-	(1,284,490)
Issuance of Bonds	-	-	10,085,000	9,430,000	-	19,515,000
Bond Premium	-	-	668,497	870,469	-	1,538,966
Payment to Escrow Agent	-	-	-	(10,164,455)	-	(10,164,455)
Total Other Financing Sources (Uses)	<u>276,810</u>	<u>(1,114,190)</u>	<u>10,753,497</u>	<u>1,176,503</u>	<u>46,676</u>	<u>11,139,296</u>
Net Change in Fund Balance	515,113	251,204	10,266,924	(3,304)	25,230	11,055,167
FUND BALANCES AT BEGINNING OF YEAR	<u>8,168,668</u>	<u>1,255,180</u>	<u>-</u>	<u>282,742</u>	<u>3,325,403</u>	<u>13,031,993</u>
FUND BALANCES AT END OF YEAR	<u>\$ 8,683,781</u>	<u>\$ 1,506,384</u>	<u>\$ 10,266,924</u>	<u>\$ 279,438</u>	<u>\$ 3,350,633</u>	<u>\$ 24,087,160</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, 2014

NET CHANGE IN FUND BALANCES – GOVERNMENTAL FUNDS \$11,055,167

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Current Year Additions	\$ 499,420	
Current Period Depreciation	<u>(1,582,261)</u>	(1,082,841)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		206,468
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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:

Bonds Issued	(19,515,000)	
Principal Repayments	1,155,000	
Payment to Escrow Agent	10,164,455	
Premium on Issuance	<u>(1,538,966)</u>	(9,734,511)

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	(5,683)	
Accrued Interest	(38,589)	
Pension Benefit Obligation	<u>(3,747)</u>	<u>(69,287)</u>

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES		<u>\$ 374,996</u>
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CITY OF LIVE OAK, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2014

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			TOTAL
	MAJOR FUND	MAJOR FUND	NONMAJOR FUND	
	WATER AND WASTEWATER UTILITIES	UTILITY DEVELOPMENT REPLACEMENT AND RENEWAL	STORM WATER FUND	
<u>ASSETS</u>				
<u>CURRENT ASSETS</u>				
Cash and Cash Equivalents	\$ 733,331	\$ 1,106,080	\$ 629,312	\$ 2,468,723
Accounts Receivable, Net of Allowance				
Customer Accounts	384,243	-	56,122	440,365
Due from Other Governments	30,928	-	10,290	41,218
Total Current Assets	<u>1,148,502</u>	<u>1,106,080</u>	<u>695,724</u>	<u>2,950,306</u>
<u>NONCURRENT ASSETS</u>				
Capital Assets				
Land	8,770	-	-	8,770
Water Rights	583,531	-	-	583,531
Machinery and Equipment	1,280,621	-	87,563	1,368,184
Water and Wastewater System	9,800,082	-	-	9,800,082
Construction in Process	-	-	-	-
Less: Accumulated Depreciation	<u>(6,453,976)</u>	<u>-</u>	<u>(35,650)</u>	<u>(6,489,626)</u>
Total Noncurrent Assets	<u>5,219,028</u>	<u>-</u>	<u>51,913</u>	<u>5,270,941</u>
 TOTAL ASSETS	 <u>\$ 6,367,530</u>	 <u>\$ 1,106,080</u>	 <u>\$ 747,637</u>	 <u>\$ 8,221,247</u>
<u>LIABILITIES AND NET POSITION</u>				
<u>CURRENT LIABILITIES</u>				
Accounts Payable	\$ 162,681	\$ 269,274	\$ 12,424	\$ 444,379
Accrued Liabilities	9,614	19,240	6,999	35,853
Customer Deposits	127,578	-	-	127,578
Compensated Absences	7,429	-	4,177	11,606
Tax Notes Payable within One Year	-	-	-	-
Total Current Liabilities	<u>307,302</u>	<u>288,514</u>	<u>23,600</u>	<u>619,416</u>
<u>NONCURRENT LIABILITIES</u>				
Pension Benefit Obligation	40,953	-	21,665	62,618
Compensated Absences	22,287	-	12,533	34,820
Tax Notes Payable after One Year	245,000	-	-	245,000
Total Noncurrent Liabilities	<u>308,240</u>	<u>-</u>	<u>34,198</u>	<u>342,438</u>
 Total Liabilities	 <u>615,542</u>	 <u>288,514</u>	 <u>57,798</u>	 <u>961,854</u>
<u>NET POSITION</u>				
Net Investment in Capital Assets	4,974,028	-	51,913	5,025,941
Unrestricted	777,960	817,566	637,926	2,233,452
Total Net Position	<u>5,751,988</u>	<u>817,566</u>	<u>689,839</u>	<u>7,259,393</u>
 TOTAL LIABILITIES AND NET POSITION	 <u>\$ 6,367,530</u>	 <u>\$ 1,106,080</u>	 <u>\$ 747,637</u>	 <u>\$ 8,221,247</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, 2014

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			TOTAL
	MAJOR FUND WATER AND WASTEWATER UTILITIES	MAJOR FUND UTILITY DEVELOPMENT REPLACEMENT AND RENEWAL	NONMAJOR FUND STORM WATER FUND	
<u>OPERATING REVENUES</u>				
Water and Sewer Sales	\$ 2,673,745	\$ -	\$ -	\$ 2,673,745
Garbage Collection	573,561	-	-	573,561
Application and Connection Fees	104,533	-	-	104,533
Penalties and Fines	44,026	-	-	44,026
Miscellaneous Income	84,702	14,922	-	99,624
Stormwater Utility Fee	-	-	550,201	550,201
Total Operating Revenues	<u>3,480,567</u>	<u>14,922</u>	<u>550,201</u>	<u>4,045,690</u>
<u>OPERATING EXPENSES</u>				
Personnel	670,429	-	290,853	961,282
Supplies	139,341	4,117	17,324	160,782
Conferences and Training	5,150	-	-	5,150
Repairs and Maintenance	23,294	491,835	28,136	543,265
Utilities and Telephone	124,912	-	2,201	127,113
Insurance	12,995	-	-	12,995
Service Administration	87,388	-	48,023	135,411
Service Operating	1,710,552	-	-	1,710,552
Miscellaneous	1,091	-	100	1,191
Depreciation	315,294	-	11,607	326,901
Total Operating Expenses	<u>3,090,446</u>	<u>495,952</u>	<u>398,244</u>	<u>3,984,642</u>
Operating Income (Loss)	<u>390,121</u>	<u>(481,030)</u>	<u>151,957</u>	<u>61,048</u>
<u>NONOPERATING REVENUES (EXPENSES)</u>				
Interest Expense	(21,635)	-	-	(21,635)
Investment Earnings	259	293	194	746
Total Nonoperating Revenues (Expenses)	<u>(21,376)</u>	<u>293</u>	<u>194</u>	<u>(20,889)</u>
Net Income (Loss) before Transfers	368,745	(480,737)	152,151	40,159
Transfer In	229,393	270,000	42,484	541,877
Transfer Out	(589,931)	(94,961)	(106,770)	(791,662)
Change in Net Position	8,207	(305,698)	87,865	(209,626)
<u>NET POSITION AT BEGINNING OF YEAR</u>	<u>5,743,781</u>	<u>1,123,264</u>	<u>601,974</u>	<u>7,469,019</u>
NET POSITION AT END OF YEAR	<u>\$ 5,751,988</u>	<u>\$ 817,566</u>	<u>\$ 689,839</u>	<u>\$ 7,259,393</u>

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

CITY OF LIVE OAK, TEXAS
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2014

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			TOTAL
	MAJOR FUND	MAJOR FUND	NONMAJOR FUND	
	WATER AND WASTEWATER UTILITIES	UTILITY DEVELOPMENT REPLACEMENT AND RENEWAL	STORM WATER FUND	
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>				
Cash Received from Customers and Users	\$ 3,455,266	\$ 14,922	\$ 543,264	\$ 4,013,452
Cash Paid to Employees for Services	(675,148)	-	(291,208)	(966,356)
Cash Paid to Supplier for Goods and Services	(2,115,122)	(249,094)	(85,896)	(2,450,112)
Net Cash Provided by (Used in)				
Operating Activities	<u>664,996</u>	<u>(234,172)</u>	<u>166,160</u>	<u>596,984</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED</u>				
<u>FINANCING ACTIVITIES</u>				
Principal Paid on Tax Notes	(120,000)	-	-	(120,000)
Interest Paid on Tax Notes	(21,635)	-	-	(21,635)
Purchase/Construction of Capital Assets	(94,961)	-	(42,484)	(137,445)
Net Cash Provided by (Used in) Noncapital				
Financing Activities	<u>(236,596)</u>	<u>-</u>	<u>(42,484)</u>	<u>(279,080)</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>				
Transfers from Other Funds	229,393	270,000	42,484	541,877
Transfers to Other Funds	(589,931)	(94,961)	(106,770)	(791,662)
Net Cash Provided by (Used in) Noncapital				
Financing Activities	<u>(360,538)</u>	<u>175,039</u>	<u>(64,286)</u>	<u>(249,785)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>				
Interest and Investment Earnings	259	293	194	746
Net Increase (Decrease) in Cash				
and Cash Equivalents	68,121	(58,840)	59,584	68,865
<u>CASH AND CASH EQUIVALENTS - BEGINNING</u>	<u>665,210</u>	<u>1,164,920</u>	<u>569,728</u>	<u>2,399,858</u>
CASH AND CASH EQUIVALENTS - ENDING	<u>\$ 733,331</u>	<u>\$ 1,106,080</u>	<u>\$ 629,312</u>	<u>\$ 2,468,723</u>

(CONTINUED)

CITY OF LIVE OAK, TEXAS
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2014

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			TOTAL
	MAJOR FUND	MAJOR FUND	NONMAJOR FUND	
	WATER AND WASTEWATER UTILITIES	UTILITY DEVELOPMENT REPLACEMENT AND RENEWAL	STORM WATER FUND	
<u>RECONCILIATION OF OPERATING INCOME TO NET</u>				
<u>CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</u>				
Operating Income (Loss)	\$ 390,121	\$ (481,030)	\$ 151,957	\$ 61,048
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities				
Depreciation	315,294	-	11,607	326,901
Changes in Assets and Liabilities				
Decrease (Increase) in Assets				
Customer Receivable	(33,176)	-	(6,937)	(40,113)
Due from Other Governments	25,122	-	551	25,673
Deferred Charges	16,703	-	-	16,703
Increase (Decrease) in Liabilities				
Accounts Payable and Accrued Liabilities	(60,528)	246,858	8,976	195,306
Customer Deposits	7,875	-	-	7,875
Pension Benefit Obligation	225	-	(135)	90
Compensated Absences	3,360	-	141	3,501
	<u>3,360</u>	<u>-</u>	<u>141</u>	<u>3,501</u>
 NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	 <u>\$ 664,996</u>	 <u>\$ (234,172)</u>	 <u>\$ 166,160</u>	 <u>\$ 596,984</u>

NOTES TO BASIC FINANCIAL STATEMENTS

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CITY OF LIVE OAK, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

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 blended component unit with a September 30 fiscal year end. The City has no discretely presented component units.

Blended Component Unit

The City of Live Oak Economic Development Corporation (LOEDC) is governed by a seven-member board, consisting of two council members and five 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 entirely to the City of Live Oak and functions as an integral part of the City's operations. The LOEDC and the City of Live Oak have both a financial and operational relationship which requires that the LOEDC's financial statements be blended into the City's financial statements. The LOEDC is reported as a Special Revenue Fund. 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, 2014

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 Economic Development Corporation is used to account for the receipt and disbursement of Section 4B sales tax funds.

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, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Utility Development Replacement and Renewal Fund is used to track funds and investment earnings put aside for replacement and renewal of the water and wastewater systems.

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.

CITY OF LIVE OAK, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Investments (Continued)

Investments are stated at fair value (plus accrued interest) except for money market investments and participating interest-earning investment contracts (U.S. Treasuries) that have a remaining maturity at time of purchase of one year or less. Those investments are stated at amortized cost. Likewise, certificates of deposit are stated at amortized cost.

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".

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 2007 and older as of September 30, 2014.

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.

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 estimated fair market value at the date of donation.

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

CITY OF LIVE OAK, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Capital Assets (Continued)

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.

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:

CITY OF LIVE OAK, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Fund Balance (Continued)

- 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.

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.

N. Change in Accounting Policy

During fiscal year 2014 the City adopted GASB Statement No. 65, Items Previously Reported as Assets and Liabilities. GASB 65 establishes accounting and financial reporting standards that reclassify as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities, and recognizes as outflows of resources or inflows of resources, certain items that were previously recorded as assets and liabilities.

CITY OF LIVE OAK, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2014

NOTE 2: DEPOSITS AND INVESTMENTS

As of September 30, 2014, the City had the following investments:

<u>INVESTMENT TYPE</u>	<u>FAIR VALUE</u>	<u>WEIGHTED AVERAGE MATURITY (YEARS)</u>
U.S. Treasury and Agency Securities	\$ 4,087,550	0.086
Certificates of Deposit	4,165,000	0.083
TexPool (Local Government Investment Pool)	<u>17,820,977</u>	-
	<u>\$ 26,073,527</u>	
Portfolio Weighted Average Maturity		0.085

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 assets 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, 2014, the City's cash on hand was \$3,439. The carrying amount of deposits was \$379,552 and the bank balance was \$739,968. 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 face value of \$1,341,501 and a market value of \$1,498,484 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.

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.

CITY OF LIVE OAK, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2014

NOTE 2: DEPOSITS AND INVESTMENTS (CONTINUED)

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.

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
	GENERAL	ECONOMIC DEVELOPMENT CORPORATION	DEBT SERVICE FUND	OTHER FUNDS	WATER AND WASTEWATER UTILITIES	OTHER NONMAJOR ENTERPRISE FUND	
Receivables							
Property Taxes	\$ 42,873	\$ -	\$ 11,797	\$ -	\$ -	\$ -	\$ 54,670
Sales Taxes	843,511	281,170	-	-	-	-	1,124,681
Occupancy Taxes	-	-	-	90,727	-	-	90,727
Franchise Taxes	242,133	-	-	-	-	-	242,133
Customer Accounts	90,513	-	-	-	414,021	56,122	560,656
Court Fines	769,326	-	-	-	-	-	769,326
Other	-	-	-	43,146	-	-	43,146
Gross Receivables	1,988,356	281,170	11,797	133,873	414,021	56,122	2,885,339
Less: Allowance for Uncollectibles	(584,981)	-	(2,286)	-	(29,778)	-	(617,045)
NET TOTAL RECEIVABLES	<u>\$ 1,403,375</u>	<u>\$ 281,170</u>	<u>\$ 9,511</u>	<u>\$ 133,873</u>	<u>\$ 384,243</u>	<u>\$ 56,122</u>	<u>\$2,268,294</u>

CITY OF LIVE OAK, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2014

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 2014, the assessed tax rate for the City was \$0.445401 per \$100 on an assessed valuation of \$915,301,654. This is broken out as \$0.35636 per \$100 for maintenance and operations and \$0.089041 per \$100 for debt retirement. Total tax levy for fiscal year 2014 is \$4,053,449. As of September 30, 2014, the delinquent current taxes for 2014 were \$14,616.

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CITY OF LIVE OAK, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2014

NOTE 5: CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2014, was as follows:

	BEGINNING BALANCE	INCREASES	DELETIONS	ENDING BALANCE
<u>Governmental Activities</u>				
Capital Assets not being Depreciated				
Land	\$ 1,206,394	\$ -	\$ -	\$ 1,206,394
Water Rights	647,021	-	-	647,021
Construction in Progress	<u>87,690</u>	<u>327,880</u>	<u>(177,954)</u>	<u>237,616</u>
Total Capital Assets not being Depreciated	<u>1,941,105</u>	<u>327,880</u>	<u>(177,954)</u>	<u>2,091,031</u>
Capital Assets being Depreciated				
Buildings and Improvements	12,935,772	-	-	12,935,772
Streets and Improvements	13,666,552	147,954	-	13,814,506
Machinery and Equipment	<u>6,659,353</u>	<u>171,540</u>	<u>(147,712)</u>	<u>6,683,181</u>
Total Capital Assets being Depreciated	<u>33,261,677</u>	<u>319,494</u>	<u>(147,712)</u>	<u>33,433,459</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(4,697,308)	(457,401)	-	(5,154,709)
Streets and Improvements	(3,054,181)	(606,979)	-	(3,661,160)
Machinery and Equipment	<u>(3,959,240)</u>	<u>(517,881)</u>	<u>147,712</u>	<u>(4,329,409)</u>
Total Accumulated Depreciation	<u>(11,710,729)</u>	<u>(1,582,261)</u>	<u>147,712</u>	<u>(13,145,278)</u>
 Total Capital Assets being Depreciated - Net	 <u>21,550,948</u>	 <u>(1,262,767)</u>	 <u>-</u>	 <u>20,288,181</u>
 GOVERNMENTAL ACTIVITIES CAPITAL ASSETS - NET	 <u>\$23,492,053</u>	 <u>\$ (934,887)</u>	 <u>\$ (177,954)</u>	 <u>\$22,379,212</u>
<u>Business-Type Activities</u>				
Capital Assets not being Depreciated				
Land	\$ 8,770	\$ -	\$ -	\$ 8,770
Water Rights	<u>583,531</u>	<u>-</u>	<u>-</u>	<u>583,531</u>
Total Capital Assets not being Depreciated	<u>592,301</u>	<u>-</u>	<u>-</u>	<u>592,301</u>
Capital Assets being Depreciated				
Machinery and Equipment	1,252,760	137,445	(22,021)	1,368,184
Water and Wastewater System	<u>9,800,082</u>	<u>-</u>	<u>-</u>	<u>9,800,082</u>
Total Capital Assets being Depreciated	<u>11,052,842</u>	<u>137,445</u>	<u>(22,021)</u>	<u>11,168,266</u>
Less Accumulated Depreciation:				
Machinery and Equipment	(1,041,509)	(93,156)	22,021	(1,112,644)
Water and Wastewater System	<u>(5,143,237)</u>	<u>(233,745)</u>	<u>-</u>	<u>(5,376,982)</u>
Total Accumulated Depreciation	<u>(6,184,746)</u>	<u>(326,901)</u>	<u>22,021</u>	<u>(6,489,626)</u>
 Total Capital Assets being Depreciated - Net	 <u>4,868,096</u>	 <u>(189,456)</u>	 <u>-</u>	 <u>4,678,640</u>
 BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS - NET	 <u>\$ 5,460,397</u>	 <u>\$ (189,456)</u>	 <u>\$ -</u>	 <u>\$ 5,270,941</u>

CITY OF LIVE OAK, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2014

NOTE 5: CAPITAL ASSETS (CONTINUED)

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

<u>Governmental Activities</u>		
General Government		\$ 206,515
Public Safety		568,733
Public Works		<u>807,013</u>
TOTAL DEPRECIATION EXPENSE - GOVERNMENTAL ACTIVITIES		<u>\$1,582,261</u>
 <u>Business-Type Activities</u>		
Water and Wastewater Utilities		<u>\$ 326,901</u>

NOTE 6: INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of September 30, 2014 is as follows:

<u>RECEIVABLE FUND</u>	<u>PAYABLE FUND</u>	<u>AMOUNT</u>
General	Nonmajor Governmental Funds	<u>\$ 2,885</u>

Balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, and (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

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	Nonmajor Utility	92,270	Subsidy for Administrative Expenditures
General	Economic Development	227,340	Subsidy for Administrative Expenditures
Debt Service	Water and Wastewater Utilities	197,431	Funding for Debt Service
Debt Service	General	81,140	Funding for Debt Service
Debt Service	Economic Development	761,918	Funding for Debt Service
Nonmajor Governmental	General	46,676	For Capital Projects
Nonmajor Utility	General	42,484	Capital Asset Purchasing
Utility Renewal & Replacement	Water and Wastewater Utilities	270,000	Replacement/Capital Asset Purchasing
Water and Wastewater Utilities	Nonmajor Utility	9,500	Support Fees
Water and Wastewater Utilities	Economic Development	124,932	Funding for Debt Service
Water and Wastewater Utilities	Utility Renewal & Replacement	<u>94,961</u>	Capital Asset Purchasing
TOTAL		<u>\$2,076,152</u>	

CITY OF LIVE OAK, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2014

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, 2014, follows:

SERIES AND ORIGINAL ISSUE AMOUNT	FINAL MATURITY	INTEREST RATE	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES
Combination Tax and Limited Pledged Revenue Certificates of Obligation Series 2005	2017	4.25% - 4.5%	\$ 765,000	\$ -
General Obligation Refunding Bonds, Series 2010	2022	3.064%	2,595,000	-
Tax Notes, Series 2012	2018	0.85 - 1.95%	320,000	245,000
General Obligation and Refunding Bonds, Series 2014	2034	2.0% - 4.0%	<u>19,515,000</u>	<u>-</u>
TOTAL BONDS, CERTIFICATES OF OBLIGATIONS, AND TAX NOTES			<u>\$ 23,195,000</u>	<u>\$ 245,000</u>

B. Debt Service Requirements

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

FISCAL YEAR ENDING SEPTEMBER 30,	GOVERNMENTAL ACTIVITIES			BUSINESS-TYPE ACTIVITIES		
	PRINCIPAL	INTEREST	TOTAL	PRINCIPAL	INTEREST	TOTAL
2015	\$ 1,550,000	\$ 859,962	\$ 2,409,962	\$ 120,000	\$ 3,495	\$123,495
2016	1,625,000	779,957	2,404,957	125,000	1,875	126,875
2017	1,675,000	729,026	2,404,026	-	-	-
2018	1,725,000	675,605	2,400,605	-	-	-
2019	1,695,000	624,489	2,319,489	-	-	-
2020-2024	8,590,000	2,259,825	10,849,825	-	-	-
2025-2029	3,055,000	1,003,000	4,058,000	-	-	-
2030-2034	<u>3,280,000</u>	<u>404,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTALS	<u>\$23,195,000</u>	<u>\$7,335,864</u>	<u>\$26,846,864</u>	<u>\$ 245,000</u>	<u>\$ 5,370</u>	<u>\$250,370</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, 2014.

CITY OF LIVE OAK, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2014

NOTE 7: LONG-TERM DEBT (CONTINUED)

D. Changes in Long-Term Debt

	BALANCE 9/30/2013	ADDITIONS	REDUCTIONS	BALANCE 9/30/2014	DUE WITHIN ONE YEAR
<u>Primary Government</u>					
Governmental Activities					
General Obligation Bonds	\$10,885,000	\$19,515,000	\$ (8,290,000)	\$22,110,000	\$1,225,000
Certificates of Obligation	3,570,000	-	(2,805,000)	765,000	245,000
Tax Notes	395,000	-	(75,000)	320,000	75,000
Compensated Absences	310,473	83,301	(77,618)	316,156	79,039
Deferred Amounts for:					
Issuance Premium	338,105	1,538,966	(110,182)	1,766,889	110,182
Pension Benefit Obligation	521,045	3,747	-	524,792	-
TOTAL GOVERNMENTAL ACTIVITIES	<u>\$16,019,623</u>	<u>\$21,141,014</u>	<u>\$(11,357,800)</u>	<u>\$25,802,837</u>	<u>\$1,734,221</u>
Business-Type Activities					
Tax Notes	\$ 365,000	\$ -	\$ (120,000)	\$ 245,000	\$ 120,000
Compensated Absences Payable	43,201	14,025	(10,800)	46,426	11,606
Pension Benefit Obligation	62,252	366	-	62,618	-
TOTAL BUSINESS-TYPE ACTIVITIES	<u>\$ 470,453</u>	<u>\$ 14,391</u>	<u>\$ (130,800)</u>	<u>\$ 354,044</u>	<u>\$ 131,606</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 1004 and a portion of the Certificates of Obligation Bonds, Series 2005.

During the year, 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, 2014, the outstanding balance of the defeased bonds is \$2,570,000. The General Obligation and Refunding Bonds, Series 2014 also included \$10,085,000 of new bond money for construction projects.

CITY OF LIVE OAK, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2014

NOTE 8: EMPLOYEE RETIREMENT SYSTEM

A. Plan Description

The City provides pension benefits for all of its eligible employees through a nontraditional, joint contributory, hybrid defined benefit plan in the state-wide Texas Municipal Retirement System (TMRS), an agent multiple-employer public employee retirement system. The plan provisions that have been adopted by the City are within the options available in the governing state statutes of TMRS.

TMRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information (RSI) for TMRS; the report also provides detailed explanations of the contributions, benefits, and actuarial methods and assumptions used by the System. This report may be obtained from TMRS' website at www.TMRS.com.

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. Plan provisions for the City were as follows:

	<u>PLAN YEAR 2013</u>	<u>PLAN YEAR 2012</u>
Employee Deposit Rate	7.0%	7.0%
Matching Ratio (City to Employee)	2 to 1	2 to 1
Years Required for Vesting	5	5
Service Retirement Eligibility (Expressed as Age/Years of Service)	60/5, 0/20	60/5, 0/20
Updated Service Credit	100% Repeating, Transfers	100% Repeating, Transfers
Annuity Increase (to Retirees)	70% of CPI	70% of CPI

B. Contributions

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. EAN was first used in the December 31, 2013 valuation; previously, the Projected Unit Credit actuarial cost method had been used. This rate consists of the normal cost contribution rate and the prior service cost contribution rate, which is calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the portion of an active member's projected benefit allocated annually; the prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the applicable period for that City. Both the normal cost and prior service contribution rates include recognition of the projected impact of annually repeating benefits, such as Updated Service Credits and Annuity Increases.

The City contributes to the TMRS Plan at an actuarially determined rate. Both the employees and the City make contributions monthly. Since the City needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that serves as the basis for the rate and the calendar year when the rate goes into effect. The annual pension cost and net pension obligation are as follows:

CITY OF LIVE OAK, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2014

NOTE 8: EMPLOYEE RETIREMENT SYSTEM (CONTINUED)

B. Contributions (Continued)

1.	Annual Required Contribution (ARC)	\$1,067,514
2.	Interest on Net Pension Obligation	40,830
3.	Adjustment to the ARC	<u>(36,715)</u>
4.	Annual Pension Cost (APC)	1,071,629
5.	Contributions Made	<u>1,067,516</u>
6.	Increase (Decrease) in Net Pension Obligation	4,113
7.	Net Pension Obligation (Asset), Beginning of Year	<u>583,297</u>
8.	Net Pension Obligation (Asset), End of Year	<u>\$ 587,410</u>

<u>FISCAL YEAR</u>	<u>ANNUAL PENSION COST</u>	<u>ACTUAL CONTRIBUTION MADE</u>	<u>PERCENTAGE OF APC CONTRIBUTION</u>	<u>NET PENSION OBLIGATION</u>
2014	\$ 1,071,629	\$ 1,067,516	99.62%	\$ 587,410
2013	1,045,787	1,049,204	100.33%	583,297
2012	1,061,639	993,553	94%	586,714

The required contribution rates for fiscal year 2014 were determined as part of the December 31, 2011 and 2012 actuarial valuations. Additional information as of the latest actuarial valuation, December 31, 2013, as follows:

	December 31, 2011	December 31, 2012	December 31, 2013
Actuarial Valuation Date	December 31, 2011	December 31, 2012	December 31, 2013
Actuarial Cost Method	Projected Unit Credit	Projected Unit Credit	Entry Age Normal
Amortization Method	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll
GASB 25 Equivalent Single Amortization Period	26.3 Years - Closed Period	25.3 Years - Closed Period	23.0 Years - Closed Period
Amortization Period for New Gains/Losses	30 years	30 years	30 years
Asset Valuation Method	10-year Smoothed Market	10-year Smoothed Market	10-year Smoothed Market
Investment Rate of Return	7.0%	7.0%	7.0%
Projected Salary Increases	Varies by Age and Service	Varies by Age and Service	Varies by Age and Service
Inflation Rate	3.0%	3.0%	3.0%
Cost of Living Adjustments	2.1%	2.1%	2.1%

The funded status as of December 31, 2013, the most recent actuarial valuation date, is as follows:

<u>ACTUARIAL VALUATION DATE</u>	<u>ACTUARIAL VALUE OF ASSETS</u>	<u>ACTUARIAL ACCRUED LIABILITY (AAL)</u>	<u>FUNDED RATIO</u>	<u>UNFUNDED AAL (UAAL)</u>	<u>COVERED PAYROLL</u>	<u>UAAL AS A PERCENTAGE OF COVERED PAYROLL</u>
12/31/2013	\$ 23,915,210	\$30,848,951	77.5%	\$ 6,933,741	\$5,971,856	116.1%

CITY OF LIVE OAK, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2014

NOTE 8: EMPLOYEE RETIREMENT SYSTEM (CONTINUED)

B. Contributions (Continued)

The schedule of funding progress, presented as Required Supplementary Information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability of benefits.

C. 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, 2014, 2013, and 2012 were \$8,329, \$9,442, and \$9,154, 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>			
Security System	\$ 140,000	\$ 128,163	\$ 11,837
Traffic Signal Project	151,445	-	151,445
Ballfield Lighting Project	<u>445,000</u>	<u>-</u>	<u>445,000</u>
TOTAL ESTIMATED FUTURE COMMITMENTS	<u>\$ 736,445</u>	<u>\$ 128,163</u>	<u>\$ 608,282</u>

CITY OF LIVE OAK, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2014

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.

Long-Term Contracts (Continued)

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 \$93,216. The City evaluates annually whether or not to enter into any new sublease agreements.

Tax Increment Financing (the "Zone")

The City is a principal in the City of Live Oak Tax Increment Reinvestment Zone #1, pursuant to Chapter 311 of the Texas Tax Code. Under the terms of the Zone agreement, the City of Live Oak and Bexar County are partially funding infrastructure improvements through tax increment financing to the Woodcrest Residential Development.

At the time the Zone was created, the property tax base was "frozen" and 50% of the increment taxes resulting from the increases to the property tax base are being used to finance Zone improvements, along with annual interim costs at 7% of projected improvement costs. Project costs to date are \$2,143,789 (including annual interest charges). The total projected cost was \$4,104,906. Project costs of the developer will be funded up to 50% of the tax increment generated by the City of Live Oak and Bexar County. The Zone terminates when the City and County fund up to 50% of the projected project costs or December 31, 2019, whichever occurs first. The City was left with a partial payment after last year. The City made its last required payment into the TIRZ during fiscal year 2013/14. At September 30, 2014, the outstanding balance was zero and the TIRZ was officially and successfully completed.

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.

CITY OF LIVE OAK, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2014

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, 2014 were \$212,961 for property and casualty and workers compensation coverage. There were no significant increases or decreases in coverage from fiscal year 2014.

	LIMITS OF COVERAGE		
	EACH OCCURRENCE	CLAIM	AGGREGATE
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	-	-

NOTE 11: RESTATEMENT OF NET POSITION

The adoption of GASB Statement No. 65 required a retroactive adjustment on the statement of activities to recognize the costs associated with bond issuances that were previously amortized using the straight line method over the life of the bonds. The table below reflects the change that was made.

Net Position, beginning, as previously reported	\$ 21,590,526
Deferred Charge	(310,014)
Net Position, beginning, as restated	\$ 21,280,512

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 – Economic Development Corporation
- Schedule of Funding Progress – Defined Benefit

CITY OF LIVE OAK, TEXAS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2014
(WITH COMPARATIVE ACTUAL TOTALS FOR 2013)

	ORIGINAL BUDGET	FINAL BUDGET	2014 ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)	2013 ACTUAL AMOUNTS
<u>REVENUES</u>					
Property Taxes	\$ 3,024,756	\$ 3,024,756	\$ 3,038,404	\$ 13,648	\$ 2,966,027
Sales Tax	4,791,161	4,791,161	4,884,741	93,580	4,699,030
Franchise Taxes	762,000	762,000	1,019,041	257,041	790,929
Beverage Taxes	80,000	80,000	94,889	14,889	74,078
Fines and Fees	424,500	424,500	466,082	41,582	392,110
Permits and Fees	371,550	371,550	260,592	(110,958)	324,816
Service Fees	101,200	101,200	96,285	(4,915)	95,721
Intergovernmental	107,000	107,000	106,013	(987)	470,855
Investment Earnings	78,000	78,000	34,957	(43,043)	55,556
Miscellaneous	51,000	51,000	87,284	36,284	42,780
Total Revenues	<u>9,791,167</u>	<u>9,791,167</u>	<u>10,088,288</u>	<u>297,121</u>	<u>9,911,902</u>
<u>EXPENDITURES</u>					
General Government					
Council	221,100	81,100	21,959	59,141	16,875
City Manager	252,950	252,950	242,354	10,596	225,411
City Secretary	528,975	528,975	475,516	53,459	483,345
Municipal Court	200,780	200,780	188,679	12,101	169,729
Finance	385,260	385,260	369,469	15,791	356,488
Planning and Zoning	138,000	138,000	118,111	19,889	128,891
Emergency Management Office	81,690	81,690	78,284	3,406	75,529
Information Technology	462,210	462,210	433,703	28,507	407,049
Development Services	331,760	331,760	297,002	34,758	293,536
Total General Government	<u>2,602,725</u>	<u>2,462,725</u>	<u>2,225,077</u>	<u>237,648</u>	<u>2,156,853</u>
Public Safety					
Police Services	3,171,705	3,157,965	3,097,400	60,565	2,989,631
Fire and EMS	2,031,677	2,031,677	1,872,291	159,386	1,918,130
Communication Services	545,709	545,709	502,314	43,395	527,623
Total Public Safety	<u>5,749,091</u>	<u>5,735,351</u>	<u>5,472,005</u>	<u>263,346</u>	<u>5,435,384</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, 2014
(WITH COMPARATIVE ACTUAL TOTALS FOR 2013)

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>2014 ACTUAL AMOUNTS</u>	<u>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</u>	<u>2013 ACTUAL AMOUNTS</u>
<u>EXPENDITURES (CONTINUED)</u>					
Public Works					
General Service	\$ 849,400	\$ 849,400	\$ 754,457	\$ 94,943	\$ 781,680
Street Maintenance	433,600	433,600	296,077	137,523	353,793
Animal Control	233,910	233,910	212,853	21,057	193,838
Parks Maintenance	472,600	472,600	424,106	48,494	427,635
Total Public Works	<u>1,989,510</u>	<u>1,989,510</u>	<u>1,687,493</u>	<u>302,017</u>	<u>1,756,946</u>
Community Service					
Leisure Services	<u>225,550</u>	<u>225,550</u>	<u>194,147</u>	<u>31,403</u>	<u>168,400</u>
Capital Outlay	<u>207,965</u>	<u>361,705</u>	<u>271,263</u>	<u>90,442</u>	<u>306,740</u>
Total Expenditures	<u>10,774,841</u>	<u>10,774,841</u>	<u>9,849,985</u>	<u>924,856</u>	<u>9,824,323</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(983,674)</u>	<u>(983,674)</u>	<u>238,303</u>	<u>1,221,977</u>	<u>87,579</u>
<u>OTHER FINANCING SOURCES (USES)</u>					
Transfers In	447,110	447,110	447,110	-	421,563
Transfers Out	<u>(128,315)</u>	<u>(128,315)</u>	<u>(170,300)</u>	<u>(41,985)</u>	<u>(509,443)</u>
Total Other Financing Sources (Uses)	<u>318,795</u>	<u>318,795</u>	<u>276,810</u>	<u>(41,985)</u>	<u>(87,880)</u>
Net Change in Fund Balance	(664,879)	(664,879)	515,113	1,179,992	(301)
<u>FUND BALANCE - BEGINNING</u>	<u>8,168,668</u>	<u>8,168,668</u>	<u>8,168,668</u>	<u>-</u>	<u>8,168,969</u>
FUND BALANCE - ENDING	<u>\$ 7,503,789</u>	<u>\$ 7,503,789</u>	<u>\$ 8,683,781</u>	<u>\$ 1,179,992</u>	<u>\$ 8,168,668</u>

CITY OF LIVE OAK, TEXAS
LIVE OAK ECONOMIC DEVELOPMENT CORPORATION SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2014
(WITH COMPARATIVE ACTUAL TOTALS FOR 2013)

	ORIGINAL AND FINAL BUDGET	2014 ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)	2013 ACTUAL AMOUNTS
<u>REVENUES</u>				
Sales Taxes	\$ 1,597,053	\$ 1,628,246	\$ 31,193	\$ 1,566,344
Miscellaneous	-	2,000	2,000	-
Investment Earnings	2,000	948	(1,052)	985
Total Revenues	<u>1,599,053</u>	<u>1,631,194</u>	<u>32,141</u>	<u>1,567,329</u>
<u>EXPENDITURES</u>				
General Government	376,185	265,800	110,385	236,220
Capital Outlay	160,000	-	160,000	-
Total Expenditures	<u>536,185</u>	<u>265,800</u>	<u>270,385</u>	<u>236,220</u>
Excess of Revenues Over Expenditures	<u>1,062,868</u>	<u>1,365,394</u>	<u>302,526</u>	<u>1,331,109</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers Out	(1,114,190)	(1,114,190)	-	(1,106,385)
Net Change in Fund Balance	(51,322)	251,204	302,526	224,724
<u>FUND BALANCE - BEGINNING</u>	<u>1,255,180</u>	<u>1,255,180</u>	<u>-</u>	<u>1,030,456</u>
FUND BALANCE - ENDING	<u>\$ 1,203,858</u>	<u>\$ 1,506,384</u>	<u>\$ 302,526</u>	<u>\$ 1,255,180</u>

CITY OF LIVE OAK, TEXAS
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2014

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.

CITY OF LIVE OAK, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
TEXAS MUNICIPAL RETIREMENT SYSTEM
SCHEDULE OF FUNDING PROGRESS
LAST SIX FISCAL YEARS

ACTUARIAL VALUATION DATE	ACTUARIAL VALUE OF ASSETS **	ACTUARIAL ACCRUED LIABILITY *	FUNDED RATIO (1)/(2)	UNFUNDED ACTUARIAL ACCRUED LIABILITY	COVERED PAYROLL	UNFUNDED ACTUARIAL ACCRUED LIABILITY AS A PERCENTAGE OF COVERED PAYROLL
12/31/2008	\$ 10,963,677	\$ 17,477,118	62.7%	\$ 6,513,441	\$ 4,807,169	135.5%
12/31/2009	12,661,863	20,349,280	62.2	7,687,417	5,451,544	141.0
12/31/2010	17,092,390	23,716,882	72.1	6,624,492	5,675,758	116.7
12/31/2011	19,203,674	25,895,172	74.2	6,691,498	5,862,913	114.1
12/31/2012	21,508,279	27,737,630	77.5	6,229,351	6,017,750	103.5
12/31/2013	23,915,210	30,848,951	77.5	6,933,741	5,971,856	116.1

* As of December 31 of the preceding year, the date of the actuarial valuation.

** Assets are stated cost as of December 31 of the preceding 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
- 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.

Hotel/Motel Occupancy Fund – to account for the receipt and disbursement of funds received primarily from a hotel – motel tax.

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.

Federal/State Grants Fund – to account for revenues received from federal and state grants and the corresponding expenditures.

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.

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.

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

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, 2014

	SPECIAL REVENUE FUNDS				
	HOTEL/MOTEL OCCUPANCY FUND	FORFEITURE	CHILD SAFETY	FEDERAL/ STATE GRANTS	EMERGENCY RADIO SYSTEM
<u>ASSETS</u>					
Cash and Cash Equivalents	\$ 2,354,797	\$ 22,663	\$ 59,087	\$ 2,885	\$ 167,779
Accounts Receivable - Net of Allowance					
Other	90,727	-	1,259	-	28,145
Due from Other Governments	-	-	-	-	-
 TOTAL ASSETS	 <u>\$ 2,445,524</u>	 <u>\$ 22,663</u>	 <u>\$ 60,346</u>	 <u>\$ 2,885</u>	 <u>\$ 195,924</u>
<u>LIABILITIES</u>					
Accounts Payable	\$ 1,462	\$ -	\$ -	\$ -	\$ 46,115
Accrued Liabilities	-	-	-	-	-
Due to Other Funds	-	-	-	2,885	-
Total Liabilities	<u>1,462</u>	<u>-</u>	<u>-</u>	<u>2,885</u>	<u>46,115</u>
<u>FUND BALANCES</u>					
Restricted:					
Hotel/Motel	2,444,062	-	-	-	-
Forfeiture	-	22,663	-	-	-
Child Safety	-	-	60,346	-	-
Emergency Radio System	-	-	-	-	149,809
Public Education	-	-	-	-	-
Court Technology	-	-	-	-	-
Court Security	-	-	-	-	-
Committed:					
Capital Projects	-	-	-	-	-
Total Fund Balances	<u>2,444,062</u>	<u>22,663</u>	<u>60,346</u>	<u>-</u>	<u>149,809</u>
 TOTAL LIABILITIES AND FUND BALANCES	 <u>\$ 2,445,524</u>	 <u>\$ 22,663</u>	 <u>\$ 60,346</u>	 <u>\$ 2,885</u>	 <u>\$ 195,924</u>

			CAPITAL PROJECTS			
PUBLIC EDUCATION	COURT TECHNOLOGY	COURT SECURITY	CAPITAL PROJECTS	2005 CERTIFICATES OF OBLIGATION FUND	WOODCREST PARK DONATIONS	TOTALS
\$ 92,863	\$ 112,668	\$ 44,946	\$ 273,783	\$ 67,207	\$ 75,849	\$ 3,274,527
10,742	-	-	-	3,000	-	133,873
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 103,605</u>	<u>\$ 112,668</u>	<u>\$ 44,946</u>	<u>\$ 273,783</u>	<u>\$ 70,207</u>	<u>\$ 75,849</u>	<u>\$ 3,408,400</u>
\$ -	\$ 6,624	\$ 81	\$ 600	\$ -	\$ -	\$ 54,882
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,885</u>
<u>-</u>	<u>6,624</u>	<u>81</u>	<u>600</u>	<u>-</u>	<u>-</u>	<u>57,767</u>
-	-	-	-	-	-	2,444,062
-	-	-	-	-	-	22,663
-	-	-	-	-	-	60,346
-	-	-	-	-	-	149,809
103,605	-	-	-	-	-	103,605
-	106,044	-	-	-	-	106,044
-	-	44,865	-	-	-	44,865
<u>-</u>	<u>-</u>	<u>-</u>	<u>273,183</u>	<u>70,207</u>	<u>75,849</u>	<u>419,239</u>
<u>103,605</u>	<u>106,044</u>	<u>44,865</u>	<u>273,183</u>	<u>70,207</u>	<u>75,849</u>	<u>3,350,633</u>
<u>\$ 103,605</u>	<u>\$ 112,668</u>	<u>\$ 44,946</u>	<u>\$ 273,783</u>	<u>\$ 70,207</u>	<u>\$ 75,849</u>	<u>\$ 3,408,400</u>

CITY OF LIVE OAK, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2014

	<u>SPECIAL REVENUE FUNDS</u>				
	HOTEL/MOTEL OCCUPANCY FUND	FORFEITURE	CHILD SAFETY	FEDERAL/ STATE GRANTS	EMERGENCY RADIO SYSTEM
<u>REVENUES</u>					
Occupancy Tax	\$ 403,004	\$ -	\$ -	\$ -	\$ -
Franchise Fees	-	-	-	-	-
Fines and Fees	-	3,310	15,653	-	-
Service Fees	-	-	-	-	27,735
Intergovernmental	-	-	-	15,635	-
Investment Earnings	668	20	14	-	60
Total Revenues	<u>403,672</u>	<u>3,330</u>	<u>15,667</u>	<u>15,635</u>	<u>27,795</u>
<u>EXPENDITURES</u>					
Current					
General Government	206,923	-	-	-	-
Public Safety	-	8,223	6,000	-	113,177
Public Works	-	-	1,828	-	-
Capital Outlay	-	-	-	15,635	-
Total Expenditures	<u>206,923</u>	<u>8,223</u>	<u>7,828</u>	<u>15,635</u>	<u>113,177</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>196,749</u>	<u>(4,893)</u>	<u>7,839</u>	<u>-</u>	<u>(85,382)</u>
<u>OTHER FINANCING SOURCES (USES)</u>					
Transfers In	-	-	-	-	46,676
Net Change in Fund Balances	196,749	(4,893)	7,839	-	(38,706)
<u>FUND BALANCES AT BEGINNING OF YEAR</u>	<u>2,247,313</u>	<u>27,556</u>	<u>52,507</u>	<u>-</u>	<u>188,515</u>
FUND BALANCES AT END OF YEAR	<u>\$ 2,444,062</u>	<u>\$ 22,663</u>	<u>\$ 60,346</u>	<u>\$ -</u>	<u>\$ 149,809</u>

			CAPITAL PROJECTS			
PUBLIC EDUCATION	COURT TECHNOLOGY	COURT SECURITY	CAPITAL PROJECTS	2005 CERTIFICATES OF OBLIGATION FUND	WOODCREST PARK DONATIONS	TOTALS
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 403,004
41,838	-	-	-	-	-	41,838
-	13,103	9,827	-	-	-	41,893
-	-	-	-	-	-	27,735
-	-	-	-	-	-	15,635
<u>15</u>	<u>37</u>	<u>14</u>	<u>71</u>	<u>22</u>	<u>33</u>	<u>954</u>
<u>41,853</u>	<u>13,140</u>	<u>9,841</u>	<u>71</u>	<u>22</u>	<u>33</u>	<u>531,059</u>
-	11,285	10,257	-	-	3,268	231,733
-	-	-	-	-	-	127,400
-	-	-	-	-	-	1,828
-	-	-	<u>147,469</u>	-	<u>28,440</u>	<u>191,544</u>
-	<u>11,285</u>	<u>10,257</u>	<u>147,469</u>	-	<u>31,708</u>	<u>552,505</u>
<u>41,853</u>	<u>1,855</u>	<u>(416)</u>	<u>(147,398)</u>	<u>22</u>	<u>(31,675)</u>	<u>(21,446)</u>
-	-	-	-	-	-	<u>46,676</u>
41,853	1,855	(416)	(147,398)	22	(31,675)	25,230
<u>61,752</u>	<u>104,189</u>	<u>45,281</u>	<u>420,581</u>	<u>70,185</u>	<u>107,524</u>	<u>3,325,403</u>
<u>\$ 103,605</u>	<u>\$ 106,044</u>	<u>\$ 44,865</u>	<u>\$ 273,183</u>	<u>\$ 70,207</u>	<u>\$ 75,849</u>	<u>\$ 3,350,633</u>

CITY OF LIVE OAK, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
HOTEL/MOTEL OCCUPANCY TAX
YEAR ENDED SEPTEMBER 30, 2014
(WITH COMPARATIVE ACTUAL TOTALS FOR 2013)

	ORIGINAL AND FINAL BUDGET	2014 ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	2013 ACTUAL AMOUNTS
<u>REVENUES</u>				
Occupancy Tax	\$ 225,000	\$ 403,004	\$ 178,004	\$ 345,329
Service Fees	-	-	-	104,811
Investment Earnings	-	668	668	1,345
Total Revenues	<u>225,000</u>	<u>403,672</u>	<u>178,672</u>	<u>451,485</u>
<u>EXPENDITURES</u>				
Current				
General Government	32,175	206,923	(174,748)	177,741
Public Safety	-	-	-	5,996
Public Works	-	-	-	64,955
Total Expenditures	<u>32,175</u>	<u>206,923</u>	<u>(174,748)</u>	<u>248,692</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	192,825	196,749	3,924	202,793
<u>OTHER FINANCING SOURCES (USES)</u>				
Sale of Capital Assets	-	-	-	1,628,272
Net Change in Fund Balance	192,825	196,749	3,924	1,831,065
<u>FUND BALANCE - BEGINNING</u>	<u>2,247,313</u>	<u>2,247,313</u>	<u>-</u>	<u>416,248</u>
<u>FUND BALANCE - ENDING</u>	<u>\$ 2,440,138</u>	<u>\$ 2,444,062</u>	<u>\$ 3,924</u>	<u>\$ 2,247,313</u>

CITY OF LIVE OAK, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FORFEITURE
YEAR ENDED SEPTEMBER 30, 2014
(WITH COMPARATIVE ACTUAL TOTALS FOR 2013)

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>2014 ACTUAL AMOUNTS</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>	<u>2013 ACTUAL AMOUNTS</u>
<u>REVENUES</u>					
Fines and Fees	\$ 10,000	\$ 10,000	\$ 3,310	\$ (6,690)	\$ 11,822
Investment Earnings	110	110	20	(90)	48
Miscellaneous	-	-	-	-	-
Total Revenues	<u>10,110</u>	<u>10,110</u>	<u>3,330</u>	<u>(6,780)</u>	<u>11,870</u>
<u>EXPENDITURES</u>					
Public Safety	14,760	22,260	8,223	14,037	36,974
Capital Outlay	-	-	-	-	10,490
Total Expenditures	<u>14,760</u>	<u>22,260</u>	<u>8,223</u>	<u>14,037</u>	<u>47,464</u>
Net Change in Fund Balance	(4,650)	(12,150)	(4,893)	7,257	(35,594)
<u>FUND BALANCE - BEGINNING</u>	<u>27,556</u>	<u>27,556</u>	<u>27,556</u>	<u>-</u>	<u>63,150</u>
FUND BALANCE - ENDING	<u>\$ 22,906</u>	<u>\$ 15,406</u>	<u>\$ 22,663</u>	<u>\$ 7,257</u>	<u>\$ 27,556</u>

CITY OF LIVE OAK, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
CHILD SAFETY
YEAR ENDED SEPTEMBER 30, 2014
(WITH COMPARATIVE ACTUAL TOTALS FOR 2013)

	ORIGINAL AND FINAL BUDGET	2014 ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	2013 ACTUAL AMOUNTS
<u>REVENUES</u>				
Fines and Fees	\$ 12,000	\$ 15,653	\$ 3,653	\$ 17,144
Investment Earnings	-	14	14	39
Total Revenues	<u>12,000</u>	<u>15,667</u>	<u>3,667</u>	<u>17,183</u>
<u>EXPENDITURES</u>				
Public Works	6,000	1,828	4,172	2,532
Public Safety	<u>6,000</u>	<u>6,000</u>	-	<u>5,681</u>
Total Expenditures	<u>12,000</u>	<u>7,828</u>	<u>4,172</u>	<u>8,213</u>
Net Change in Fund Balance	-	7,839	7,839	8,970
<u>FUND BALANCE - BEGINNING</u>	<u>52,507</u>	<u>52,507</u>	-	<u>43,537</u>
FUND BALANCE - ENDING	<u>\$ 52,507</u>	<u>\$ 60,346</u>	<u>\$ 7,839</u>	<u>\$ 52,507</u>

CITY OF LIVE OAK, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FEDERAL/STATE GRANTS
YEAR ENDED SEPTEMBER 30, 2014
(WITH COMPARATIVE ACTUAL TOTALS FOR 2013)

	ORIGINAL AND FINAL BUDGET	2014 ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	2013 ACTUAL AMOUNTS
<u>REVENUES</u>				
Intergovernmental	\$ -	\$ 15,635	\$ 15,635	\$ 3,095
Miscellaneous	-	-	-	-
Total Revenues	<u>-</u>	<u>15,635</u>	<u>15,635</u>	<u>3,095</u>
<u>EXPENDITURES</u>				
Public Safety	-	-	-	-
Capital Outlay	-	15,635	(15,635)	3,095
Total Expenditures	<u>-</u>	<u>15,635</u>	<u>(15,635)</u>	<u>3,095</u>
Net Change in Fund Balance	-	-	-	-
<u>FUND BALANCE - BEGINNING</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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, 2014
(WITH COMPARATIVE ACTUAL TOTALS FOR 2013)

	ORIGINAL AND FINAL BUDGET	2014 ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	2013 ACTUAL AMOUNTS
<u>REVENUES</u>				
Service Fees	\$ 34,620	\$ 27,735	\$ (6,885)	\$ 83,842
Intergovernmental	-	-	-	-
Investment Earnings	200	60	(140)	177
Total Revenues	<u>34,820</u>	<u>27,795</u>	<u>(7,025)</u>	<u>84,019</u>
<u>EXPENDITURES</u>				
Public Safety	137,725	113,177	24,548	86,240
Capital Outlay	-	-	-	-
Bond Issue Cost	-	-	-	-
Total Expenditures	<u>137,725</u>	<u>113,177</u>	<u>24,548</u>	<u>86,240</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(102,905)</u>	<u>(85,382)</u>	<u>17,523</u>	<u>(2,221)</u>
<u>OTHER FINANCING SOURCES</u>				
Bonds Issued	-	-	-	-
Transfers In	47,175	46,676	(499)	25,028
Total Other Financing Sources (Uses)	<u>47,175</u>	<u>46,676</u>	<u>(499)</u>	<u>25,028</u>
Net Change in Fund Balance	(55,730)	(38,706)	17,024	22,807
<u>FUND BALANCE - BEGINNING</u>	<u>188,515</u>	<u>188,515</u>	<u>-</u>	<u>165,708</u>
FUND BALANCE - ENDING	<u>\$ 132,785</u>	<u>\$ 149,809</u>	<u>\$ 17,024</u>	<u>\$ 188,515</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, 2014
(WITH COMPARATIVE ACTUAL TOTALS FOR 2013)

	ORIGINAL AND FINAL BUDGET	2014 ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	2013 ACTUAL AMOUNTS
<u>REVENUES</u>				
Franchise Fees	\$ 27,500	\$ 41,838	\$ 14,338	\$ 27,852
Investment Earnings	-	15	15	24
Total Revenues	<u>27,500</u>	<u>41,853</u>	<u>14,353</u>	<u>27,876</u>
Net Change in Fund Balance	27,500	41,853	14,353	27,876
<u>FUND BALANCE - BEGINNING</u>	<u>61,752</u>	<u>61,752</u>	<u>-</u>	<u>33,876</u>
FUND BALANCE - ENDING	<u>\$ 89,252</u>	<u>\$ 103,605</u>	<u>\$ 14,353</u>	<u>\$ 61,752</u>

CITY OF LIVE OAK, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
COURT TECHNOLOGY
YEAR ENDED SEPTEMBER 30, 2014
(WITH COMPARATIVE ACTUAL TOTALS FOR 2013)

	ORIGINAL AND FINAL BUDGET	2014 ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	2013 ACTUAL AMOUNTS
<u>REVENUES</u>				
Fines and Fees	\$ 12,000	\$ 13,103	\$ 1,103	\$ 10,653
Investment Earnings	125	37	(88)	104
Total Revenues	<u>12,125</u>	<u>13,140</u>	<u>1,015</u>	<u>10,757</u>
<u>EXPENDITURES</u>				
General Government	<u>13,900</u>	<u>11,285</u>	<u>2,615</u>	<u>17,387</u>
Net Change in Fund Balance	(1,775)	1,855	3,630	(6,630)
<u>FUND BALANCE - BEGINNING</u>	<u>104,189</u>	<u>104,189</u>	<u>-</u>	<u>110,819</u>
FUND BALANCE - ENDING	<u>\$ 102,414</u>	<u>\$ 106,044</u>	<u>\$ 3,630</u>	<u>\$ 104,189</u>

CITY OF LIVE OAK, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
COURT SECURITY
YEAR ENDED SEPTEMBER 30, 2014
(WITH COMPARATIVE ACTUAL TOTALS FOR 2013)

	ORIGINAL AND FINAL BUDGET	2014 ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	2013 ACTUAL AMOUNTS
<u>REVENUES</u>				
Fines and Fees	\$ 10,000	\$ 9,827	\$ (173)	\$ 7,988
Investment Earnings	100	14	(86)	40
Total Revenues	<u>10,100</u>	<u>9,841</u>	<u>(259)</u>	<u>8,028</u>
<u>EXPENDITURES</u>				
General Government	<u>20,370</u>	<u>10,257</u>	<u>10,113</u>	<u>5,428</u>
Net Change in Fund Balance	(10,270)	(416)	9,854	2,600
<u>FUND BALANCE - BEGINNING</u>	<u>45,281</u>	<u>45,281</u>	<u>-</u>	<u>42,681</u>
FUND BALANCE - ENDING	<u>\$ 35,011</u>	<u>\$ 44,865</u>	<u>\$ 9,854</u>	<u>\$ 45,281</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, 2014
(WITH COMPARATIVE ACTUAL TOTALS FOR 2013)

	ORIGINAL AND FINAL BUDGET	2014 ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	2013 ACTUAL AMOUNTS
<u>REVENUES</u>				
Property Taxes	\$ 780,419	\$ 776,108	\$ (4,311)	\$ 792,184
Investment Earnings	600	88	(512)	237
Total Revenues	<u>781,019</u>	<u>776,196</u>	<u>(4,823)</u>	<u>792,421</u>
<u>EXPENDITURES</u>				
Principal	1,275,000	1,155,000	120,000	1,115,000
Interest and Fiscal Charges	671,440	664,989	6,451	705,915
Bond Issuance Cost	-	136,014	(136,014)	-
Total Expenditures	<u>1,946,440</u>	<u>1,956,003</u>	<u>(9,563)</u>	<u>1,820,915</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,165,421)</u>	<u>(1,179,807)</u>	<u>(14,386)</u>	<u>(1,028,494)</u>
<u>OTHER FINANCING SOURCES</u>				
Transfers In	1,165,421	1,040,489	(124,932)	1,039,473
Bonds Issued	-	9,430,000	9,430,000	-
Bonds Premium	-	870,469	870,469	-
Payment to Escrow Agent	-	(10,164,455)	(10,164,455)	-
Total Other Financing Sources (Uses)	<u>1,165,421</u>	<u>1,176,503</u>	<u>11,082</u>	<u>1,039,473</u>
Net Change in Fund Balance	-	(3,304)	(3,304)	10,979
<u>FUND BALANCE - BEGINNING</u>	<u>282,742</u>	<u>282,742</u>	<u>-</u>	<u>271,763</u>
FUND BALANCE - ENDING	<u>\$ 282,742</u>	<u>\$ 279,438</u>	<u>\$ (3,304)</u>	<u>\$ 282,742</u>

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

	2014	2013
<u>ASSETS</u>		
Cash and Cash Equivalents	\$ 1,193,859	\$ 1,375,245
Investments	7,462,775	6,868,613
Receivables		
Ad Valorem Taxes (Net of Allowance for Uncollectibles of \$7,987 and \$7,125)	34,886	33,301
Sales Taxes	843,511	743,921
Franchise Taxes	242,133	168,726
Other	282,845	249,182
Due from Other Governments	-	1,162
Due from Other Funds	2,885	22,885
Accrued Interest	19,327	18,249
Prepaid Items	10,127	18,730
TOTAL ASSETS	\$ 10,092,348	\$ 9,500,014
<u>LIABILITIES</u>		
Accounts Payable	\$ 450,178	\$ 474,569
Accrued Liabilities	215,722	217,348
Unearned Revenue	2,231	637,489
Total Liabilities	668,131	1,329,406
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Unearned Revenue - Taxes	740,436	1,940
<u>FUND BALANCES</u>		
Nonspendable		
Prepaid Items	10,127	18,730
Restricted		
Weed Abatement	10,416	8,827
Committed		
Asset Replacement	1,846,355	1,625,100
Unassigned	6,816,883	6,516,011
Total Fund Balances	8,683,781	8,168,668
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCES	\$ 10,092,348	\$ 9,500,014

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

	2014	2013
<u>REVENUES</u>		
Property Taxes	\$ 3,038,404	\$ 2,966,027
Sales Taxes	4,884,741	4,699,030
Franchise Taxes	1,019,041	790,929
Beverage Taxes	94,889	74,078
Fines and Fees	466,082	392,110
Permits and Fees	260,592	324,816
Service Fees	96,285	95,721
Intergovernmental	106,013	470,855
Investment Earnings	34,957	55,556
Miscellaneous	87,284	42,780
Total Revenues	10,088,288	9,911,902
<u>EXPENDITURES</u>		
General Government	2,225,077	2,156,853
Public Safety	5,472,005	5,435,384
Public Works	1,687,493	1,756,946
Community Services	194,147	168,400
Capital Outlay	271,263	306,740
Total Expenditures	9,849,985	9,824,323
Excess (Deficiency) of Revenues Over (Under) Expenditures	238,303	87,579
<u>OTHER FINANCING SOURCES (USES)</u>		
Transfers In	447,110	421,563
Transfers Out	(170,300)	(509,443)
Total Other Financing Sources (Uses)	276,810	(87,880)
Net Change in Fund Balances	515,113	(301)
<u>FUND BALANCES AT BEGINNING OF YEAR</u>	8,168,668	8,168,969
FUND BALANCES AT END OF YEAR	\$ 8,683,781	\$ 8,168,668

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

These tables contain information to help the reader assess the factors affecting the City’s ability to generate its property and sales tax.

Debt Capacity

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- Ratios of Outstanding Debt by Type
- 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

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- Demographic and Economic Statistics
- Principal Employers

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

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- 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>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<u>GOVERNMENTAL ACTIVITIES</u>				
Net Investment in Capital Assets	\$ 2,416,552	\$ 3,190,628	\$ 4,038,089	\$ 4,769,956
Restricted	937,911	1,104,094	1,078,124	1,096,435
Unrestricted	<u>5,454,776</u>	<u>6,194,951</u>	<u>7,769,020</u>	<u>9,598,385</u>
 TOTAL GOVERNMENTAL ACTIVITIES NET POSITION	 <u>\$ 8,809,239</u>	 <u>\$ 10,489,673</u>	 <u>\$ 12,885,233</u>	 <u>\$ 15,464,776</u>
<u>BUSINESS-TYPE ACTIVITIES</u>				
Net Investment in Capital Assets	\$ 5,355,954	\$ 5,998,464	\$ 5,724,282	\$ 5,466,484
Unrestricted	<u>1,304,766</u>	<u>1,063,981</u>	<u>1,484,166</u>	<u>1,835,916</u>
 TOTAL BUSINESS-TYPE ACTIVITIES NET POSITION	 <u>\$ 6,660,720</u>	 <u>\$ 7,062,445</u>	 <u>\$ 7,208,448</u>	 <u>\$ 7,302,400</u>
<u>PRIMARY GOVERNMENT</u>				
Net Investment in Capital Assets	\$ 7,772,506	\$ 9,189,092	\$ 9,762,371	\$ 10,236,440
Restricted	937,911	1,104,094	1,078,124	1,096,435
Unrestricted	<u>6,759,542</u>	<u>7,258,932</u>	<u>9,253,186</u>	<u>11,434,301</u>
 TOTAL PRIMARY GOVERNMENT NET POSITION	 <u>\$ 15,469,959</u>	 <u>\$ 17,552,118</u>	 <u>\$ 20,093,681</u>	 <u>\$ 22,767,176</u>

TABLE 1

<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$ 6,494,007	\$ 7,660,148	\$ 7,660,148	\$ 8,073,159	\$ 8,441,921	\$ 7,684,247
941,509	1,277,624	1,277,624	1,160,105	3,018,682	3,179,395
<u>8,576,444</u>	<u>9,984,672</u>	<u>9,984,672</u>	<u>9,741,537</u>	<u>10,129,923</u>	<u>10,791,866</u>
<u>\$ 16,011,960</u>	<u>\$ 18,922,444</u>	<u>\$ 18,922,444</u>	<u>\$ 18,974,801</u>	<u>\$ 21,590,526</u>	<u>\$ 21,655,508</u>
\$ 5,326,566	\$ 5,048,551	\$ 4,872,400	\$ 5,264,573	\$ 5,095,397	\$ 5,025,941
<u>2,126,850</u>	<u>2,331,113</u>	<u>2,462,678</u>	<u>2,100,154</u>	<u>2,373,622</u>	<u>2,233,452</u>
<u>\$ 7,453,416</u>	<u>\$ 7,379,664</u>	<u>\$ 7,335,078</u>	<u>\$ 7,364,727</u>	<u>\$ 7,469,019</u>	<u>\$ 7,259,393</u>
\$ 11,820,573	\$ 12,708,699	\$ 12,532,548	\$ 13,337,732	\$ 13,537,318	\$ 12,710,188
941,509	1,277,624	1,277,624	1,160,105	3,018,682	3,179,395
<u>10,703,294</u>	<u>12,315,785</u>	<u>12,447,350</u>	<u>11,841,691</u>	<u>12,503,545</u>	<u>13,025,318</u>
<u>\$ 23,465,376</u>	<u>\$ 26,302,108</u>	<u>\$ 26,257,522</u>	<u>\$ 26,339,528</u>	<u>\$ 29,059,545</u>	<u>\$ 28,914,901</u>

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

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<u>EXPENSES</u>				
<u>Governmental Activities</u>				
General Government	\$ 1,467,600	\$ 1,913,249	\$ 1,727,904	\$ 1,949,897
Public Safety	3,888,472	4,184,312	4,532,582	4,604,325
Public Works	1,839,428	1,769,316	1,789,777	1,998,935
Community Services	89,996	142,156	136,224	158,604
Interest on Long-Term Debt	840,185	937,454	959,606	926,629
Capital Outlay	178,168	-	-	-
Total Governmental Activities	<u>8,303,849</u>	<u>8,946,487</u>	<u>9,146,093</u>	<u>9,638,390</u>
<u>Business-Type Activities</u>				
Water and Wastewater Utilities	2,786,243	1,967,548	2,140,453	2,797,398
Utility Development Replacement and Renewal	118,665	80,965	66,829	57,199
Storm Water Fund	-	-	-	-
Total Business-Type Activities	<u>2,904,908</u>	<u>2,048,513</u>	<u>2,207,282</u>	<u>2,854,597</u>
 Total Primary Government Expenses	 <u>11,208,757</u>	 <u>10,995,000</u>	 <u>11,353,375</u>	 <u>12,492,987</u>
<u>PROGRAM REVENUES</u>				
<u>Governmental Activities</u>				
Charges for Service				
General Government	290,360	353,098	460,842	427,744
Public Safety	498,664	492,568	658,050	740,163
Public Works	385,930	456,875	512,209	594,974
Community Services	28,828	49,610	52,478	53,092
Operating Grants and Contributions	1,034,822	1,433,601	1,190,606	1,810,682
Capital Grants and Contributions	404,484	37,238	147,000	41,125
Total Governmental Activities Program Revenues	<u>2,643,088</u>	<u>2,822,990</u>	<u>3,021,185</u>	<u>3,667,780</u>
<u>Business-Type Activities</u>				
Charges for Service				
Water and Wastewater Utilities	2,659,184	2,412,074	2,609,911	3,217,871
Utility Development Replacement and Renewal	-	-	-	-
Storm Water Fund	-	-	-	-
Capital Grants and Contributions	-	-	-	-
Total Business-Type Activities Program Revenues	<u>2,659,184</u>	<u>2,412,074</u>	<u>2,609,911</u>	<u>3,217,871</u>
 Total Primary Government Program Revenues	 <u>5,302,272</u>	 <u>5,235,064</u>	 <u>5,631,096</u>	 <u>6,885,651</u>

TABLE 2

2009	2010	2011	2012	2013	2014
\$ 2,241,114	\$ 2,539,637	\$ 3,267,821	\$ 3,145,186	\$ 2,894,648	\$ 3,247,132
4,917,942	5,651,105	5,961,954	6,190,610	6,082,404	6,176,238
2,108,618	2,359,455	2,459,804	2,633,267	2,645,246	2,496,790
150,041	157,376	173,002	231,477	168,400	194,147
892,894	858,184	731,021	749,670	714,076	883,904
-	-	-	-	-	-
<u>10,310,609</u>	<u>11,565,757</u>	<u>12,593,602</u>	<u>12,950,210</u>	<u>12,504,774</u>	<u>12,998,211</u>
2,485,643	2,726,386	3,237,249	2,869,242	2,967,953	3,112,081
64,269	163,493	188,075	150,435	227,632	495,952
<u>378,638</u>	<u>375,347</u>	<u>380,789</u>	<u>422,827</u>	<u>408,917</u>	<u>398,244</u>
<u>2,928,550</u>	<u>3,265,226</u>	<u>3,806,113</u>	<u>3,442,504</u>	<u>3,604,502</u>	<u>4,006,277</u>
<u>13,239,159</u>	<u>14,830,983</u>	<u>16,399,715</u>	<u>16,392,714</u>	<u>16,109,276</u>	<u>17,004,488</u>
406,207	382,722	387,329	458,595	583,196	68,028
432,035	1,315,857	497,400	621,369	635,248	734,979
229,949	374,441	405,199	269,836	270,191	220,522
56,278	59,846	58,355	48,986	55,676	58,118
1,271,376	89,986	92,968	175,935	3,095	15,635
<u>3,375</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>413,886</u>	<u>-</u>
<u>2,399,220</u>	<u>2,222,852</u>	<u>1,441,251</u>	<u>1,574,721</u>	<u>1,961,292</u>	<u>1,097,282</u>
2,782,143	2,890,678	3,476,022	3,278,597	3,427,956	3,480,567
-	-	-	4,017	2,339	14,922
336,092	638,633	602,902	538,236	548,990	550,201
<u>44,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>3,162,735</u>	<u>3,529,311</u>	<u>4,078,924</u>	<u>3,820,850</u>	<u>3,979,285</u>	<u>4,045,690</u>
<u>5,561,955</u>	<u>5,752,163</u>	<u>5,520,175</u>	<u>5,395,571</u>	<u>5,940,577</u>	<u>5,142,972</u>

(CONTINUED)

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

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<u>Net (Expense) Revenues</u>				
Governmental Activities	\$(5,660,761)	\$(6,123,497)	\$(6,124,908)	\$(5,970,610)
Business-Type Activities	(245,724)	363,561	402,629	363,274
Total Primary Government				
Net Expenses	<u>(5,906,485)</u>	<u>(5,759,936)</u>	<u>(5,722,279)</u>	<u>(5,607,336)</u>
 <u>GOVERNMENTAL REVENUES AND OTHER</u>				
<u>CHANGES IN NET POSITION</u>				
<u>Governmental Activities</u>				
Taxes				
Property Taxes	2,236,777	2,070,122	2,309,242	2,551,884
Sales Taxes	3,715,684	3,823,324	4,110,521	4,113,296
Franchise Taxes	528,628	573,885	631,709	662,237
Beverage Taxes	46,837	59,046	60,625	62,845
Occupancy Taxes	203,410	210,113	209,117	211,669
Interest and Investment Earnings	367,028	695,967	828,381	496,053
Sale of Capital Assets	-	-	-	-
Miscellaneous	14,294	53,370	53,379	131,953
Transfers	304,975	318,104	317,494	320,216
Total Governmental Activities	<u>7,417,633</u>	<u>7,803,931</u>	<u>8,520,468</u>	<u>8,550,153</u>
<u>Business-Type Activities</u>				
Unrestricted Grants and Contributions	-	308,149	4,500	-
Interest and Investment Earnings	44,729	40,011	54,532	49,538
Miscellaneous	497	8,108	1,836	1,356
Transfers	(304,975)	(318,104)	(317,494)	(320,216)
Total Business-Type Activities	<u>(259,749)</u>	<u>38,164</u>	<u>(256,626)</u>	<u>(269,322)</u>
 <u>CHANGES IN NET POSITION</u>				
Governmental Activities	1,756,872	1,680,434	2,395,560	2,579,543
Business-Type Activities	<u>(505,473)</u>	<u>401,725</u>	<u>146,003</u>	<u>93,952</u>
 TOTAL PRIMARY GOVERNMENT	<u>\$ 1,251,399</u>	<u>\$ 2,082,159</u>	<u>\$ 2,541,563</u>	<u>\$ 2,673,495</u>

TABLE 2 (CONTINUED)

<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
<u>\$(7,911,389)</u>	<u>\$(9,342,905)</u>	<u>\$(11,152,351)</u>	<u>\$(11,375,489)</u>	<u>\$(10,543,482)</u>	<u>\$(11,900,929)</u>
<u>234,185</u>	<u>264,085</u>	<u>272,811</u>	<u>378,346</u>	<u>374,783</u>	<u>39,413</u>
<u>(7,677,204)</u>	<u>(9,078,820)</u>	<u>(10,879,540)</u>	<u>(10,997,143)</u>	<u>(10,168,699)</u>	<u>(11,861,516)</u>
3,031,549	3,542,393	3,631,698	3,657,100	3,728,011	3,877,655
4,113,131	5,600,972	5,883,522	6,200,731	6,265,374	6,512,987
717,274	810,184	812,004	852,464	818,781	1,060,879
77,701	82,225	81,905	67,084	74,078	94,889
185,162	156,639	166,460	244,018	345,329	403,004
137,002	57,975	51,499	33,704	58,912	37,346
-	-	-	-	1,577,767	-
98,183	55,112	138,072	21,595	18,231	39,380
<u>98,570</u>	<u>342,051</u>	<u>320,338</u>	<u>351,150</u>	<u>272,724</u>	<u>249,785</u>
<u>8,458,572</u>	<u>10,647,551</u>	<u>11,085,498</u>	<u>11,427,846</u>	<u>13,159,207</u>	<u>12,275,925</u>
-	-	-	-	-	-
15,401	4,214	2,941	2,453	2,233	746
-	-	-	-	-	-
<u>(98,570)</u>	<u>(342,051)</u>	<u>(320,338)</u>	<u>(351,150)</u>	<u>(272,724)</u>	<u>(249,785)</u>
<u>(83,169)</u>	<u>(337,837)</u>	<u>(317,397)</u>	<u>(348,697)</u>	<u>(270,491)</u>	<u>(249,039)</u>
547,183	1,304,646	(66,853)	52,357	2,615,725	374,996
<u>151,016</u>	<u>(73,752)</u>	<u>(44,586)</u>	<u>29,649</u>	<u>104,292</u>	<u>(209,626)</u>
<u>\$ 698,199</u>	<u>\$ 1,230,894</u>	<u>\$ (111,439)</u>	<u>\$ 82,006</u>	<u>\$ 2,720,017</u>	<u>\$ 165,370</u>

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

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<u>GENERAL FUND</u>				
Reserved	\$ 379,119	\$ 24,634	\$ 20,790	\$ 16,678
Unreserved	4,619,576	5,653,296	7,010,350	7,825,520
Nonspendable:				
Prepaid Items	-	-	-	-
Restricted:				
Weed Abatement	-	-	-	-
Committed:				
Asset Replacement	-	-	-	-
Unassigned:	-	-	-	-
 TOTAL GENERAL FUND	 <u>\$ 4,998,695</u>	 <u>\$ 5,677,930</u>	 <u>\$7,031,140</u>	 <u>\$7,842,198</u>
<u>ALL OTHER GOVERNMENTAL FUNDS</u>				
Reserved	\$ 68,253	\$ 240,903	\$ 183,327	\$ 934,274
Unreserved, Reported in:				
Special Revenue Funds	621,109	615,179	694,538	303,594
Capital Project Funds*	11,084,685	12,940,858	8,238,013	3,696,883
Nonspendable:				
Prepaid Items	-	-	-	-
Restricted:				
Special Revenue Funds	-	-	-	-
Debt Service	-	-	-	-
Capital Projects Funds	-	-	-	-
Committed:				
Economic Development	-	-	-	-
Capital Projects Funds	-	-	-	-
 TOTAL ALL OTHER GOVERNMENTAL FUNDS	 <u>\$11,774,047</u>	 <u>\$13,796,940</u>	 <u>\$9,115,878</u>	 <u>\$4,934,751</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.

TABLE 3

2009	2010	2011	2012	2013	2014
\$ 73,398	\$ 38,465	\$ -	\$ -	\$ -	\$ -
8,127,315	8,380,372	-	-	-	-
-	-	15,548	19,307	18,730	10,127
-	-	17,988	12,323	8,827	10,416
-	-	1,784,217	1,572,184	1,625,100	1,846,355
-	-	<u>6,550,584</u>	<u>6,565,155</u>	<u>6,516,011</u>	<u>6,816,883</u>
<u>\$8,200,713</u>	<u>\$8,418,837</u>	<u>\$8,368,337</u>	<u>\$8,168,969</u>	<u>\$ 8,168,668</u>	<u>\$ 8,683,781</u>
\$ 783,126	\$1,567,597	\$ -	\$ -	\$ -	\$ -
274,038	1,980,717	-	-	-	-
1,703,372	338,044	-	-	-	-
-	-	6,346	1,245	3,495	330
-	-	952,753	876,019	2,727,113	2,931,394
-	-	306,883	271,763	282,742	279,438
-	-	-	-	-	10,266,924
-	-	948,484	1,029,211	1,251,685	1,506,054
-	-	<u>480,357</u>	<u>396,086</u>	<u>598,290</u>	<u>419,239</u>
<u>\$2,760,536</u>	<u>\$3,886,358</u>	<u>\$2,694,823</u>	<u>\$2,574,324</u>	<u>\$ 4,863,325</u>	<u>\$15,403,379</u>

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

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<u>REVENUES</u>				
Taxes	\$6,654,847	\$6,760,437	\$ 7,301,639	\$ 7,611,875
Fines and Fees	547,103	519,420	503,053	816,140
Permits and Fees	373,118	466,447	522,866	631,038
Service Fees	303,899	366,284	476,851	412,934
Intergovernmental	1,063,680	1,467,138	1,337,605	1,851,807
Investment Earnings	367,021	695,967	829,670	496,053
Park Donations	-	-	-	-
Miscellaneous	318,022	53,870	53,379	131,953
Total Revenues	<u>9,627,690</u>	<u>10,329,563</u>	<u>11,025,063</u>	<u>11,951,800</u>
<u>EXPENDITURES</u>				
General Government	1,370,414	1,695,110	1,518,565	1,789,022
Public Safety	3,569,408	3,845,347	4,100,652	4,174,524
Public Works	1,650,237	1,487,248	1,525,635	1,627,949
Community Services	88,991	141,205	136,813	157,990
Debt Service				
Principal	580,000	865,000	855,000	890,000
Interest and Fiscal Charges	771,524	1,081,273	972,946	938,936
Capital Projects/Outlay	2,571,045	4,182,509	5,560,798	6,063,664
Total Expenditures	<u>10,601,619</u>	<u>13,297,692</u>	<u>14,670,409</u>	<u>15,642,085</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(973,929)</u>	<u>(2,968,129)</u>	<u>(3,645,346)</u>	<u>(3,690,285)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In	373,403	388,877	385,267	1,189,938
Transfers Out	(68,428)	(70,773)	(67,773)	(869,722)
Sale of Capital Assets	-	-	-	-
Payment to Escrow Agent	-	-	-	-
Bond Premium	-	-	-	-
Proceeds of Long-Term Financing	-	5,358,403	-	-
Total Other Financing Sources (Uses)	<u>304,975</u>	<u>5,676,507</u>	<u>317,494</u>	<u>320,216</u>
NET CHANGE IN FUND BALANCES	<u>\$ (668,954)</u>	<u>\$2,708,378</u>	<u>\$(3,327,852)</u>	<u>\$(3,370,069)</u>
Debt Service as a Percentage of Noncapital Expenditures	16.83%	21.35%	20.07%	18.87%

TABLE 4

2009	2010	2011	2012	2013	2014
\$ 8,115,759	\$10,045,969	\$10,527,601	\$10,963,810	\$11,261,773	\$11,886,271
580,709	528,495	408,919	385,970	439,717	507,975
258,750	421,730	443,903	323,162	324,816	260,592
415,268	725,494	557,962	500,795	284,374	124,020
1,118,038	204,883	198,987	378,691	473,950	121,648
137,002	57,975	51,499	33,704	58,912	37,346
156,713	-	-	-	-	-
98,183	161,612	162,504	25,165	42,780	89,284
<u>10,880,422</u>	<u>12,146,158</u>	<u>12,351,375</u>	<u>12,611,297</u>	<u>12,886,322</u>	<u>13,027,136</u>
2,093,020	2,438,041	3,176,380	2,933,418	2,682,625	3,039,743
4,375,773	5,015,890	5,317,197	5,601,217	5,570,275	5,599,405
1,422,997	1,657,466	1,758,536	1,847,754	1,824,433	1,689,321
176,890	157,376	173,002	231,477	168,400	194,147
920,000	950,000	990,000	1,070,000	1,115,000	1,155,000
905,398	870,673	784,011	762,438	705,915	934,229
<u>2,900,614</u>	<u>1,615,326</u>	<u>1,717,896</u>	<u>1,386,010</u>	<u>431,970</u>	<u>499,420</u>
<u>12,794,692</u>	<u>12,704,772</u>	<u>13,917,022</u>	<u>13,832,314</u>	<u>12,498,618</u>	<u>13,111,265</u>
<u>(1,914,270)</u>	<u>(558,614)</u>	<u>(1,565,647)</u>	<u>(1,221,017)</u>	<u>387,704</u>	<u>(84,129)</u>
386,773	1,934,595	1,407,573	1,623,341	1,888,552	1,534,275
(288,203)	(1,592,544)	(1,087,235)	(1,272,191)	(1,615,828)	(1,284,490)
-	-	-	-	1,628,272	-
-	-	-	-	-	(10,164,455)
-	-	-	-	-	1,538,966
-	-	3,274	550,000	-	19,515,000
<u>98,570</u>	<u>342,051</u>	<u>323,612</u>	<u>901,150</u>	<u>1,900,996</u>	<u>11,139,296</u>
<u>\$(1,815,700)</u>	<u>\$ (216,563)</u>	<u>\$ (1,242,035)</u>	<u>\$ (319,867)</u>	<u>\$ 2,288,700</u>	<u>\$11,055,167</u>
18.17%	16.42%	14.54%	14.72%	15.09%	16.57%

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>
2005	\$ 2,232,806	\$ 3,643,166	\$ 528,628	\$ 46,837	\$ 203,410	\$ 6,654,847
2006	2,062,458	3,854,935	573,885	59,046	210,113	6,760,437
2007	2,317,376	4,082,812	631,709	60,625	209,117	7,301,639
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

CITY OF LIVE OAK, TEXAS
TOP 20 SALES TAX PROVIDERS
BY BUSINESS CLASS
LAST SIX FISCAL YEARS

TABLE 6

BUSINESS CLASS	2013/14		2012/13		2011/12		2010/11		2009/10		2008/09	
	RANK	% OF TOTAL	RANK	% OF TOTAL	RANK	% OF TOTAL	RANK	% OF TOTAL	RANK	% OF TOTAL	RANK	% OF TOTAL
Radio, TV, and Other Electronics	1	11.2%	1	12.2%	1	12.4%	1	12.4%	1	13.2%	1	15.8%
Home Centers	2	10.9	2	11.3	2	10.7	2	10.7	2	10.7	3	11.4
Discount Department Stores	3	9.1	3	9.8	3	10.0	3	10.3	3	10.6	2	11.8
Full-Service Restaurant	4	8.2	4	8.8	4	9.2	4	10.2	4	10.1	4	9.3
Department Stores	5	5.1	5	6.0	5	6.3	5	6.5	5	6.6	5	63.7
Limited-Service Restaurant	7	5.1	6	5.5	6	5.2	6	4.3	8	3.5	9	3.6
Wired Telecommunication	6	5.1	7	4.3	7	4.3	7	4.2	6	5.0	7	4.7
Other Retail	9	3.5	8	3.8	8	4.0	8	3.9	11	3.1	-	-
Jewelry Stores	8	3.7	9	3.7	10	3.3	11	3.2	7	2.6	12	1.8
Motion Picture Theaters	10	3.2	10	3.6	9	3.5	9	3.6	13	4.1	8	4.0
New Car Dealers	15	2.0	11	3.2	11	3.3	10	3.3	9	3.4	10	3.1
Other Apparel Stores	12	2.9	12	3.1	12	3.1	12	3.1	10	3.1	11	3.1
Health Care and Social	11	3.0	13	2.6	13	2.3	13	2.7	12	2.8	6	4.7
Tire Dealers	14	2.0	14	2.1	14	2.0	14	1.9	16	1.8	14	1.4
Wholesalers Durable	17	1.4	15	1.5	16	1.2	17	1.2	15	-	16	1.4
Elec Power Gen, Trans	19	1.2	16	1.3	17	1.2	16	1.4	-	1.3	17	1.3
Automotive Repair/Maint	-	-	17	1.2	18	1.2	18	1.1	17	1.2	18	1.1
Direct Selling Establishment	-	-	18	1.1	19	1.1	19	1.1	18	1.0	20	0.9
Furniture Stores	16	1.7	19	1.1	15	1.3	15	1.8	20	2.0	15	1.4
Amusement, Gambling, Recreation	20	1.2	20	1.0	20	1.0	20	1.0	-	-	-	-
Not Reported by State	-	-	-	-	-	-	-	-	14	2.1	13	1.8
Mining	-	-	-	-	-	-	-	-	19	1.0	-	-
Women's Clothing	-	-	-	-	-	-	-	-	-	-	19	0.9
Shoe Stores	18	1.3	-	-	-	-	-	-	-	-	-	-

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.

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	
2005	\$ 2,211,411	\$ 2,193,585	99.2%	\$ 17,826	\$ 2,211,411	100.0%	\$ 24,363
2006	2,103,091	2,079,711	98.9%	23,380	2,103,091	100.0%	16,812
2007	2,360,097	2,342,774	99.3%	17,323	2,360,097	100.0%	14,859
2008	2,616,658	2,599,429	99.3%	17,111	2,616,540	99.9%	14,045
2009	3,184,637	3,156,003	99.1%	25,472	3,181,475	99.9%	13,392
2010	3,602,995	3,564,494	98.9%	29,700	3,594,194	99.8%	16,203
2011	3,727,705	3,710,594	99.5%	13,716	3,724,310	99.9%	20,734
2012	3,823,938	3,799,510	99.4%	18,857	3,818,367	99.9%	11,762
2013	3,919,285	3,904,807	99.6%	7,762	3,912,569	99.8%	16,300
2014	4,053,449	3,978,852	99.6%	-	3,978,852	99.6%	10,352

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
2005	0.314837	0.150163	0.465000	1.7760	1.76400	0.10705	0.016425	0.317571	0.016425	0.243869
2006	0.251521	0.158479	0.410000	1.7760	1.79400	0.10705	0.016425	0.318471	0.012719	0.243869
2007	0.250039	0.134961	0.385000	1.6360	1.66900	0.13710	0.016045	0.314147	0.012719	0.243869
2008	0.255248	0.109152	0.364400	1.4100	1.40290	0.13455	0.015951	0.295104	0.031762	0.237408
2009	0.301238	0.103893	0.405131	1.4650	1.40290	0.13586	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	1.4250	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

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

FISCAL YEAR ENDED SEPTEMBER 30,	TAXABLE VALUE JANUARY 1,	RESIDENTIAL PROPERTY	COMMERCIAL PROPERTY	LESS: TAX-EXEMPT PROPERTY	TOTAL TAXABLE ASSESSED VALUE*	TOTAL DIRECT TAX RATE
2005	2004	\$ 288,349,486	\$ 261,993,642	\$ 74,722,566	\$ 475,620,562	0.465000
2006	2005	313,821,282	287,083,657	87,960,998	512,943,941	0.410000
2007	2006	357,648,339	359,785,742	102,460,249	614,973,832	0.385000
2008	2007	422,559,128	410,578,741	110,319,263	722,818,606	0.364400
2009	2008	457,554,075	485,020,811	146,791,505	795,783,381	0.405131
2010	2009	452,807,042	518,243,548	151,480,897	819,569,693	0.449369
2011	2010	444,881,523	508,132,623	158,642,440	794,371,706	0.476783
2012	2011	462,465,883	510,152,136	159,775,982	812,842,037	0.477291
2013	2012	476,696,234	537,299,352	157,838,602	856,156,984	0.463155
2014	2013	499,621,822	574,309,145	158,629,313	915,301,654	0.445401

Source: Bexar Appraisal District.

*Total taxable assessed value and total estimated actual value of taxable property is the same. Total taxable assessed value reported is not adjusted for enacted freeze on property values for certain taxpayers, which became effective September 20, 2005. The freeze-adjusted taxable value for the 2013 tax roll was \$876,258,068.

CITY OF LIVE OAK, TEXAS
PRINCIPAL PROPERTY TAXPAYERS
SEPTEMBER 30, 2014
(UNAUDITED)

TABLE 10

<u>TAXPAYER</u>	<u>2013 TAX ROLL</u>		<u>% OF TOTAL ASSESSED VALUATION</u>
	<u>ASSESSED VALUATION</u>	<u>RANK</u>	
Mira Loma, LLC	\$ 50,651,329	1	5.53%
Randolph Brooks Federal Credit Union	44,500,144	2	4.86%
Methodist Healthcare System S.A.	41,959,742	3	4.58%
MBS-Colonade, Ltd	28,900,000	4	3.16%
Continental 136 Fund	28,000,000	5	3.06%
Redus TX Properties, L.L.C.	19,882,020	6	2.17%
SA Development Company, LP	14,770,403	7	1.61%
Jordan Ford, Inc.	11,903,060	8	1.30%
Target Corporation	11,902,688	9	1.30%
HD Development Property, LP	<u>11,441,490</u>	10	1.25%
	<u>\$ 263,910,876</u>		

Source: Bexar Appraisal District.

*Ten years of data will be accumulated. Data from 2004 is not currently available.

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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	ACTUAL TAXABLE VALUE OF PROPERTY	PERCENTAGE OF TAXABLE VALUE OF PROPERTY	PERCENTAGE OF PERSONAL INCOME	*PER CAPITA
	GENERAL OBLIGATION BONDS	CERTIFICATES OF OBLIGATION	TAX NOTES	TAX NOTES						
2005	\$ 11,875,000	\$ 4,725,000	-	-	\$ 16,600,000	\$ 475,620,562	3.5%	7.2%	1,581	
2006	11,440,000	9,495,000	-	-	20,935,000	512,943,941	4.1%	7.6%	1,745	
2007	10,995,000	9,085,000	-	-	20,080,000	614,973,832	3.3%	6.8%	1,606	
2008	10,535,000	8,655,000	-	-	19,190,000	722,818,606	2.7%	6.5%	1,535	
2009	10,519,041	8,210,000	-	-	18,729,041	795,783,381	2.4%	6.4%	1,390	
2010	10,003,807	7,745,000	-	-	17,748,807	819,569,693	2.2%	5.9%	1,283	
2011	12,735,642	4,010,000	-	-	16,745,642	794,371,706	2.1%	5.3%	1,255	
2012	11,944,203	3,795,000	470,000	485,000	16,694,203	812,842,037	2.1%	5.2%	1,222	
2013	11,112,764	3,570,000	395,000	365,000	15,442,764	856,156,984	1.8%	4.8%	1,144	
2014	23,876,889	765,000	320,000	245,000	25,206,889	915,301,654	2.8%	7.3%	1,708	

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 14.

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

ASSESSED VALUE	<u>\$ 915,301,654</u>
*DEBT LIMIT (10% of ASSESSED VALUE)	<u>\$ 91,530,165</u>
Outstanding Debt	\$ 24,961,889
Less: Amount Set Aside for Repayment of General Obligation Debt	<u>(279,438)</u>
Total Net Debt Applicable to Limit	<u>24,682,451</u>
 ECONOMIC DEBT MARGIN	 <u>\$ 66,847,714</u>

	2005	2006	2007	FISCAL 2008
Debt Limit	\$ 47,562,056	\$ 51,294,394	\$ 61,497,383	\$ 72,281,861
Total Net Debt Applicable to Limit	<u>(16,545,047)</u>	<u>(20,696,414)</u>	<u>(19,898,990)</u>	<u>(18,996,178)</u>
 ECONOMIC DEBT MARGIN	 <u>\$ 31,017,009</u>	 <u>\$ 30,597,980</u>	 <u>\$ 41,598,393</u>	 <u>\$ 53,285,683</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 12

YEAR	2009	2010	2011	2012	2013	2014
	\$ 79,578,338	\$ 81,956,969	\$ 79,437,171	\$ 81,284,204	\$ 85,615,698	\$ 91,530,165
	<u>(18,044,640)</u>	<u>(17,086,955)</u>	<u>(16,178,117)</u>	<u>(16,178,237)</u>	<u>(14,567,258)</u>	<u>(24,682,451)</u>
	<u>\$ 61,533,698</u>	<u>\$ 64,870,014</u>	<u>\$ 63,259,054</u>	<u>\$ 65,105,967</u>	<u>\$ 71,048,440</u>	<u>\$ 66,847,714</u>

CITY OF LIVE OAK, TEXAS
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
SEPTEMBER 30, 2014
(UNAUDITED)

TABLE 13

GOVERNMENTAL UNIT	DEBT OUTSTANDING	ESTIMATED PERCENTAGE APPLICABLE*	ESTIMATED SHARE OF OVERLAPPING DEBT
<i>Debt Repaid with Property Taxes:</i>			
Alamo CCD	\$ 513,470,000	0.90%	\$ 4,621,230
Bexar County	1,460,940,000	0.90%	13,148,460
Bexar County Hospital District	721,615,000	0.81%	5,845,082
Judson ISD	445,954,065	9.35%	41,696,705
North East ISD	1,444,614,128	1.11%	16,035,217
San Antonio River Authority	27,630,000	0.76%	<u>209,988</u>
Subtotal - Overlapping Debt			81,556,682
City of Live Oak - Direct Debt			<u>23,195,000</u>
			<u>\$ 104,751,682</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 14

<u>YEAR</u>	<u>POPULATION</u>	<u>PERSONAL INCOME</u> (expressed in 1,000's)	<u>PER CAPITA PERSONAL INCOME</u>	<u>MEDIAN AGE</u>	<u>SCHOOL ENROLLMENT</u>	<u>UNEMPLOYMENT RATE</u>
2005	10,500	\$ 231,000	\$ 22,000	36.0	2,500	3.1%
2006	12,000	276,000	23,000	35.0	2,800	3.0%
2007	12,500	293,750	23,500	36.5	3,200	3.9%
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%

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.

*2010 census will not be released until February 2011.

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

TABLE 15

EMPLOYER	2014			2005*		
	EMPLOYEES	RANK	PERCENTAGE OF TOTAL CITY EMPLOYMENT	EMPLOYEES	RANK	PERCENTAGE OF TOTAL CITY EMPLOYMENT
HEB Food Stores	20,000	1	1.98%	N/A	N/A	N/A
USAA	16,000	2	1.58	N/A	N/A	N/A
Northside ISD	12,751	3	1.26	N/A	N/A	N/A
Northeast ISD	10,052	4	0.99	N/A	N/A	N/A
City of San Antonio	9,154	5	0.90	N/A	N/A	N/A
Methodist Healthcare	8,118	6	0.80	N/A	N/A	N/A
Baptist Health System	7,205	7	0.71	N/A	N/A	N/A
San Antonio ISD	7,000	8	0.69	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>100,633</u>		<u>9.93%</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	2014	
	EMPLOYEES	RANK
Randolph Brooks Federal Credit Union	888	1
NE Methodist Hospital	700	2
Northeast Lakeview College	468	3
Judson ISD	331	4
Jordan Ford	228	5
World Car	175	6
Home Depot	161	7
Target	150	8
Best Buy	131	9
City of Live Oak	<u>119</u>	10
	<u>3,351</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	2005	2006	2007	2008
Police				
Traffic Violations	7,437	6,684	7,445	6,637
Arrests	876	910	768	551
Fire				
Fire Calls	332	342	257	228
EMS Calls	675	867	804	904
Inspections	7,273	8,088	5,268	4,648
Public Works				
Street Resurfacing (Miles)	6.80	10.60	-	8.20
Sidewalk Construction (Feet)	7,920	13,200	13,202	11,509
Water				
Service Connections	2,345	2,441	2,540	2,582
Average Daily Consumption in Gallons				
Pumpage	1,120,530	1,353,442	1,380,510	1,011,153
Billing	1,207,728	1,141,371	1,198,440	1,002,776
Average	1,164,129	1,247,407	1,309,777	1,006,964
Sewage				
Service Connections	3,535	3,690	3,890	4,172
Average Daily Treatment of Gallons	916,584	1,076,572	1,108,869	1,355,748

Source: Various City Departments

TABLE 16

2009	2010	2011	2012	2013	2014
3,302	3,268	4,562	4,367	2,425	8,706
591	614	484	534	545	545
431	278	596	284	373	308
914	1,102	1,041	1,197	1,166	1,128
3,163	541	95	239	206	415
2.27	7.40	0.50	0.10	-	-
14,092	8,290	5,423	2,890	1,906	155
2,597	2,537	2,611	2,689	2,696	2,731
997,801	998,507	1,076,258	1,042,873	1,057,638	1,026,292
989,686	999,608	1,090,771	1,029,259	1,039,478	1,015,011
988,250	999,057	1,083,514	1,036,066	1,048,558	1,533,798
4,290	4,270	4,435	4,550	4,589	4,710
1,284,610	837,573	1,245,783	1,134,022	1,203,647	1,266,534

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

TABLE 17

FUNCTION	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Officers (Including Reserves)	37	35	34	31	35	36	35	35	38	36
Fire										
Stations	1	1	1	1	1	1	1	1	1	1
Firefighters (Including Reserves)	30	30	31	20	20	22	23	22	22	22
Culture and Recreation										
Community Centers	1	1	1	1	1	1	1	1	1	1
Parks	2	2	2	2	3	3	3	3	3	3
Swimming Pools	1	1	1	1	1	1	1	1	1	1
Public Works										
Miles of Streets	41.20	43.20	45.20	45.20	45.20	45.20	45.20	45.20	45.20	45.00
Water										
Miles of Water Mains	27.0	28.0	29.0	30.0	30.0	30.0	30.0	35.0	35.0	35.0
Number of Hydrants	260	280	295	300	435	436	436	436	436	436
Sewer										
Miles of Sanitary Sewers	38	40	42	43	43	43	43	43	43	43
Feet of Storm Sewers	11,000	11,000	13,200	13,200	13,200	13,200	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 18

<u>FUNCTION</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
General Government										
Business Office	11	11	12	12	11	9	11	12	10	9
Finance	2	2	3	4	4	4	5	5	5	4
Manager	3	3	3	3	3	3	3	3	1	1
Police										
Officers	25	25	31	30	31	32	32	32	32	32
Civilians	13	14	14	14	14	14	15	15	15	15
Fire										
Civilians	3	3	3	1	1	1	1.5	1.5	1.5	1.5
Firefighters and Officers	18	18	18	17	20	20	20	20	20	20
Public Works	15	11	14	17	11	12	12	11	10	11
Development	1	1	1	5	3	4	3.5	3.5	3.5	3.5
Parks	8	7	6	5	7	6	6	7	7	6
Water and Sewer	12	12	8	8	13	13	13	13	16	16
Civic Center	-	-	-	-	3	3	3	3	3.5	-
TOTALS	<u>111</u>	<u>107</u>	<u>113</u>	<u>116</u>	<u>121</u>	<u>121</u>	<u>120</u>	<u>124.5</u>	<u>124.5</u>	<u>119.0</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, 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, 2014, 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 January 21, 2015.

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

January 21, 2015