

CITY OF LIVE OAK, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED SEPTEMBER 30, 2020

Prepared by:
Finance Department
Leroy Kowalik, Director of Finance

abip

CPAs | ADVISORS

CLIENT **FOCUSED.** RELATIONSHIP **DRIVEN.**



CITY OF LIVE OAK, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the year ended September 30, 2020

TABLE OF CONTENTS

	<u>PAGE</u>
INTRODUCTORY SECTION	
Letter of Transmittal	i-v
GFOA Certificate of Achievement	vii
Elected and Appointed Officials	viii
Organizational Chart	ix
FINANCIAL SECTION	
Independent Auditors' Report	1-3
Management's Discussion and Analysis	5-5J
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	9
Statement of Activities	10-11
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	12
Reconciliation of Balance Sheet - Governmental Funds to Statement of Net Position	13
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	14
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to Change in the Statement of Activities	15
Proprietary Fund:	
Statement of Net Position	16
Statement of Revenues, Expenses, and Changes in Net Position	17
Statement of Cash Flows	18-19

CITY OF LIVE OAK, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the year ended September 30, 2020

TABLE OF CONTENTS

	<u>PAGE</u>
FINANCIAL SECTION (Continued)	
Notes to Basic Financial Statements	23-48
Required Supplementary Information:	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual – General Fund	51-52
Schedule of Changes in Net Pension Liability and Related Ratios	53
Schedule of Contributions -Net Pension Liability	54
Schedule of Changes in Other Postemployment Benefit (OPEB) Liability and Related Ratios	55
Schedule of Contributions – Other Postemployment Benefit Plan Liability	56
Notes to Required Supplementary Information	57-58
Other Supplementary Information:	
Combining Balance Sheet – Nonmajor Governmental Funds	62-63
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Government Funds	64-65
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget to Actual – Forfeiture	66
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget to Actual – Child Safety	67
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget to Actual – Emergency Radio System	68
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget to Actual – Public Education Fund	69
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget to Actual – Court Technology	70
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget to Actual – Alamo Regional Swat	71
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget to Actual – Court Security	72

CITY OF LIVE OAK, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the year ended September 30, 2020

TABLE OF CONTENTS

	<u>PAGE</u>
FINANCIAL SECTION (Continued)	
Other Supplementary Information (continued):	
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget to Actual – Hotel/Motel Occupancy Tax	73
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget to Actual – Debt Service Fund	74
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget to Actual – Discretely Presented Component Unit Live Oak Economic Development Corporation	75
Comparative Balance Sheets – General Fund	76
Comparative Statements of Revenues, Expenditures, and Changes in Fund Balance – General Fund	77

		<u>TABLE</u>
STATISTICAL SECTION		
Net Position by Component – Last Ten Fiscal Years	1	82-83
Changes in Net Position – Last Ten Fiscal Years	2	84-87
Fund Balances - Governmental Funds – Last Ten Fiscal Years	3	88-89
Changes in Fund Balances of Governmental Funds – Last Ten Fiscal Years	4	90-91
Tax Revenues by Source – Governmental Funds – Last Ten Fiscal Years	5	92
Top Twenty Sales Tax Providers by Business Class – Last Nine Fiscal Years	6	94-95
Property Tax Levies and Collections – Last Ten Fiscal Years	7	96
Direct and Overlapping Property Tax Rates – Last Ten Fiscal Years	8	97
Assessed Value and Actual Taxable Property – Last Ten Fiscal Years	9	98
Principal Property Taxpayers – Current Year and Nine Years Ago	10	99
Ratios of Outstanding Debt by Type – Last Ten Fiscal Years	11	100
Ratios of Net General Bonded Debt Outstanding – Last Ten Fiscal Years	12	101
Legal Debt Margin – Last Ten Fiscal Years	13	102-103

CITY OF LIVE OAK, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the year ended September 30, 2020

TABLE OF CONTENTS

	<u>TABLE</u>	<u>PAGE</u>
STATISTICAL SECTION (Continued)		
Direct and Overlapping Governmental Activities Debt - as of September 30, 2020	14	104
Demographic and Economic Statistics – Last Ten Fiscal Years	15	105
Principal Employers – Current Year and Nine Years Ago	16	106
Operating Indicators by Function – Last Ten Fiscal Years	17	108-109
Capital Asset Statistics by Function – Last Ten Fiscal Years	18	110
Full-Time Equivalent City Government Employees by Function - Last Ten Fiscal Years	19	111
COMPLIANCE SECTION		
Independent Auditors’ Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>		115-116

INTRODUCTORY SECTION





February 12, 2021

Honorable Mayor and Members of City Council
City of Live Oak, Texas
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, 2020.

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, PC, 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, 2020 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, 2020 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, 2020, the City has a land area of approximately 5.5 square miles and an estimated population of 16,104. 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 2022) and the three remaining members in 2021. The City Manager is appointed by the Council and is responsible for implementing council policy and day-to-day operations of the City.

The City provides a full range of municipal services including public safety (police, fire and first responder emergency medical services protection); residential and commercial solid waste sanitation services (through a franchise agreement with Waste Management), water and wastewater services, public improvements, repair and maintenance of infrastructure, recreational and community activities and general administrative services. Transportation, treatment and disposal of sewage are provided under separate contracts with the San Antonio River Authority, Cibolo Creek Municipal Authority and San Antonio Water System (see note 10, Commitment and Contingencies, pages 46-47 of the notes to the financial statements). The City provides water service to most of the City, with the San Antonio Water System providing water service to the remaining portion of the City.

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

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

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

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

According to the city charter, the Council shall adopt the budget on or before the 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.

Despite all the good things that happened around the City of Live Oak over the past several years, the City was not immune to a global pandemic that swept across the globe. The year 2020 quickly became known as the year of COVID-19. The news of the economic destruction this virus was causing across the world hit the United States in around late February 2020 and quickly spread throughout the country. During the early months of the pandemic, the City of Live Oak saw double digit decreases in its monthly sales tax remittance. But as the summer months approached and the State of Texas started opening businesses back up, Live Oak started to see much better sales tax revenue numbers. The City ended the fiscal year very strong, although, still reported total sales tax revenue below budget, it was higher than what was anticipated. Overall, the Metrocom area sustained fiscal stability throughout the struggles of the economy this year. Even as we start into the new fiscal year, the economy seems to be getting back on a positive track in this area. This area again continues to perform as good or better than any other area in the state or even the nation.

The City enjoyed several grand openings of retail and food establishments during the economic struggles in 2019-2020. There are many more slated to open in 2021 and onward. Northeast Lakeview College enrollment has grown substantially since opening their doors. 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 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. 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. Over the last couple of years, the oil industry has been in the process of making a welcomed comeback and is still considered to have a solid presence in the area.

Economic indicators such as the unemployment rate and housing permits have remained positive in this area as compared to the national level. Construction began on several residential projects in 2019 and 2020. Vista Ridge is a 202 home subdivision that completed phase I of III in 2020 and recently began the infrastructure for phase II

in 2021. At the end of 2020, Skybrooke Subdivision began building for a future 146 additional single-family homes. The City also saw the completion on a 240 unit multi-family community with Aspire at Live Oak. Perhaps one of the biggest economic projects that should forever change the makeup for the City of Live Oak is the Live Oak Town Center Project. This project broke ground several years ago, and the much anticipated grand opening of the only South Texas area IKEA store occurred in early 2019. In May 2020, the Olive Garden restaurant was completed. Also, within the Live Oak Town Center, the construction of Longhorn Steakhouse began in late 2020 and BJ's Brewhouse is scheduled to begin in early 2021. Both restaurants are slated to be completed in summer of 2021. Great Hearts Live Oak learning academy, several residential and commercial developments and many new restaurants opened with the Gateway Plaza. The headquarters for Randolph Brooks Federal Credit Union (RBFCU) is located in the City of Live Oak to include three administrative buildings. The City of Live Oak remains the leading business and community catalyst focused on building economic prosperity in the City and throughout the region.

Economic Outlook: Because the City is adjacent to the City of San Antonio, the local economy is anchored by what happens in the San Antonio Metropolitan Statistical Area. This area enjoys the benefit of a diversified economy. Major anchors of the economy in this area are the medical/biomedical industry, the military industry, tourism, telecommunications, insurance, financial and manufacturing. The national state of economy continues to show signs of substantial growth and strength. As a result, commercial growth and sales tax receipts in Live Oak continue to be on a positive track. The unknown of the future of the current COVID-19 pandemic is really the only negative that is worth noting.

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 2040. The City reviewed, analyzed and formulated the City's newest Comprehensive Plan in 2019. The City also completed a park Amenity and Future Use Plan in 2019 as well. These updated plans should take the City well into the future.

The City is in constant communications with various developers to look at opportunities for development on several of the City's undeveloped areas. Several commercial businesses recently opened their doors around the City. There are also several big projects in the works, none bigger than the continued development of the Live Oak Town Center which is now home to the San Antonio area's only IKEA Home Furnishings store. 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. All of these projects are completed with 100% of the proceeds spent of these projects.

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 2020 budget, Council endorsed a financial policy that would have utilized \$2,220,089 of reserves to be used for contingencies (\$200,000), capital or capital related purchases (\$1,732,589) and one-time and/or emergency expenditures (\$287,500).

MAJOR INITIATIVES

Goals for the year were to continue or enhance the level of professional services in all areas, swift professional EMS First Responder 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.

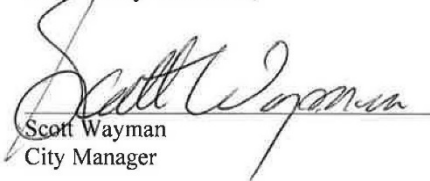
With the completion of the Park Amenity and Future Use Plan and the completed update to the City's Comprehensive Plan, several projects identified within these plans will be studied for future planning. These plans should be a catalyst for the formulation of goals and objectives to guide our City way into the future.

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, 2019. This was the thirteenth 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



CITY OF LIVE OAK, TEXAS
GFOA CERTIFICATE OF ACHIEVEMENT
For the year ended September 30, 2020



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, 2019

Christopher P. Morill

Executive Director/CEO

CITY OF LIVE OAK, TEXAS

ELECTED AND APPOINTED OFFICIALS

For the year ended September 30, 2020

Elected Officials

Mayor
Councilmember Place 1
Councilmember Place 2, Mayor Pro-tem
Councilmember Place 3
Councilmember Place 4
Councilmember Place 5

Mary M. Dennis
Mendell D. Morgan
Robert “Bob” Tullgren
Ramon Norris, Jr.
Ed Cimics
Aaron Dahl

Appointed Officials

City Manager
Assistant City Manager
City Attorney

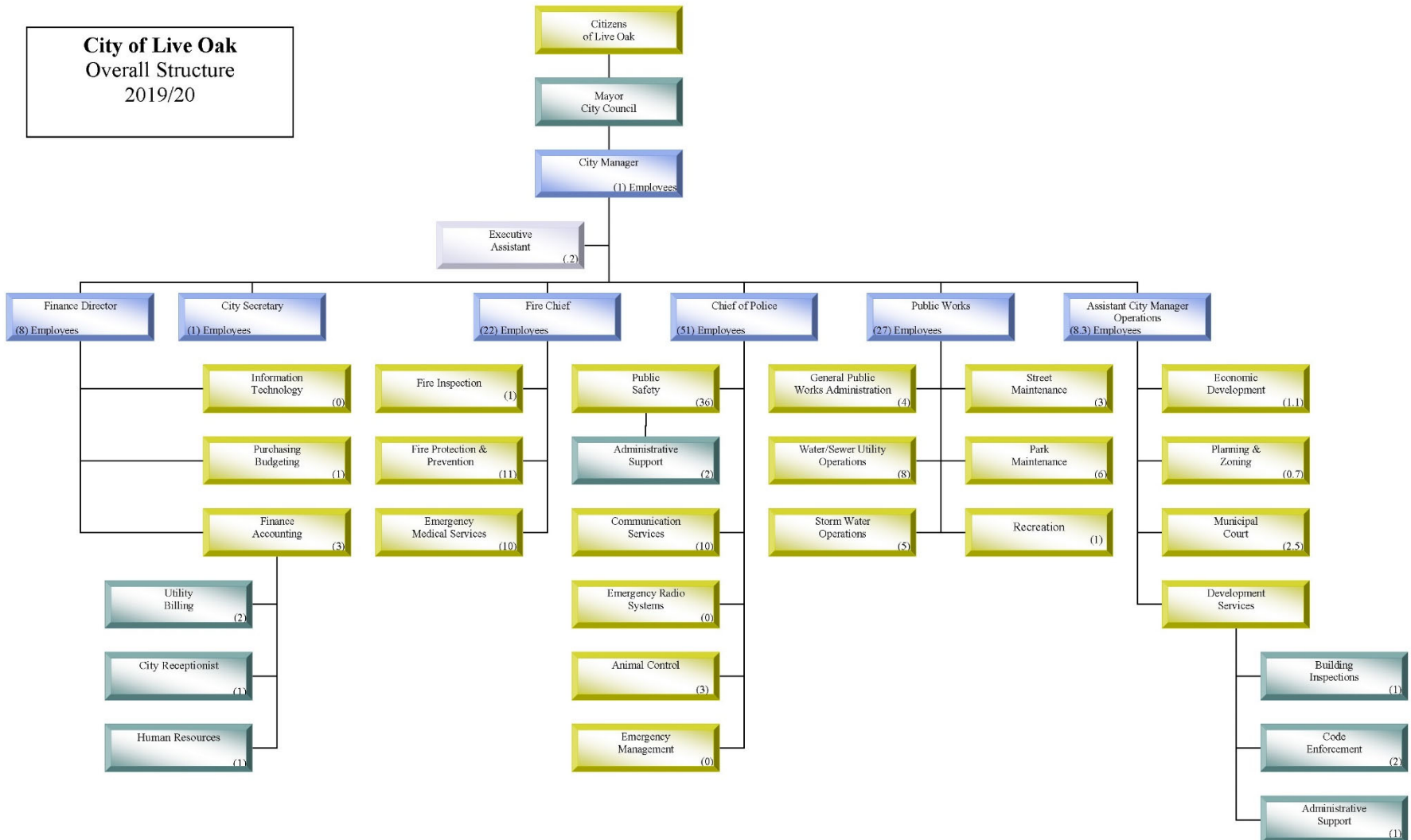
Municipal Court Judge
Finance Director
Public Works Director
Police Chief
Fire Chief
City Secretary
City Auditor

Scott Wayman
Michael Hornes
Denton, Navarro, Rocha, Bernal,
and Zech
Ed Phillips
Leroy Kowalik
Mark Wagster
Dan Pue
Linc Surber
Deborah Goza
ABIP, PC

CITY OF LIVE OAK, TEXAS

ORGANIZATIONAL CHART

For the year ended September 30, 2020





FINANCIAL SECTION



INDEPENDENT AUDITORS' 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, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Live Oak, Texas, (the City) as of and for the year ended September 30, 2020, 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.

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Live Oak, Texas as of September 30, 2020, 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, general fund budgetary comparison information, schedule of changes in net pension liability and related ratios, schedule of contributions for the net pension liability, total other postemployment benefits liability and related ratios, and schedule of contributions for the other postemployment benefits liability 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 nonmajor 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 nonmajor fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 9, 2021, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Live Oak, Texas' 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
San Antonio, Texas
February 9, 2021



CITY OF LIVE OAK, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2020

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, 2020. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal which can be found on pages i-v of this report.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at September 30, 2020 by \$22,871,583 (net position). Of this amount \$12,189,322 (unrestricted net position), may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net position increased from operations by \$829,524. This increase is attributable to the City's ability to manage budgetary spending with available revenues during the fiscal year.
- As of September 30, 2020, the City's governmental funds reported combined ending fund balances of \$18,494,564, a decrease of \$31,916.
- The total debt of the City's governmental activities decreased by \$1,845,182 and business-type activities also decreased from \$58,927 to \$45,064.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

The statement of net position presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave.)

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through their user fees and charges (business-type activities). The governmental activities of the City include general government, debt service, special revenue funds, and capital projects. The business-type activities of the City include a water and wastewater operating fund, a utility development replacement and renewal fund and a storm water utility fund.

The government-wide financial statements can be found on pages 9-11 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 twelve (12) 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 and the debt service fund, which are considered to be major funds. Data from the other ten (10) governmental funds are combined into a single, aggregated presentation. Details of the ten (10) nonmajor governmental funds are presented in the other supplementary information section which begins on page 62. 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 12-15 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 16-19 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 23-48 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 general fund budgetary comparisons and progress in funding its obligation to provide pension benefits and other postemployment benefits to its employees and retirees. Required supplementary information can be found on pages 51-58 of the City’s comprehensive annual financial report.

The combining statements referred to earlier as the City’s nonmajor governmental funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and supporting schedules can be found on pages 62-77 of the City’s comprehensive annual financial report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$22,871,583 (net position). Of this amount \$12,189,322 (unrestricted net position) may be used to meet the ongoing obligations to citizens and creditors.

The 2nd largest portion of the City's net position (36%) is its net investment in capital assets (e.g., land, buildings, infrastructure, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The largest portion of the City's net position (53%) is unrestricted while approximately (11%) represents resources that are subject to external restrictions on how they may be used.

NET POSITION

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	2020	2019	2020	2019	2020	2019
ASSETS						
Current and other assets	\$ 20,739,026	\$ 20,640,901	\$ 2,477,376	\$ 2,550,277	\$ 23,216,402	\$ 23,191,178
Capital assets	16,989,655	17,863,457	5,356,887	5,568,799	22,346,542	23,432,256
Total assets	<u>37,728,681</u>	<u>38,504,358</u>	<u>7,834,263</u>	<u>8,119,076</u>	<u>45,562,944</u>	<u>46,623,434</u>
DEFERRED OUTFLOWS OF RESOURCES						
	<u>1,384,877</u>	<u>3,042,271</u>	<u>157,456</u>	<u>359,673</u>	<u>1,542,333</u>	<u>3,401,944</u>
LIABILITIES						
Current liabilities	3,350,670	3,220,274	551,703	733,966	3,902,373	3,954,240
Long-term liabilities	18,216,783	22,836,751	704,914	1,051,630	18,921,697	23,888,381
Total liabilities	<u>21,567,453</u>	<u>26,057,025</u>	<u>1,256,617</u>	<u>1,785,596</u>	<u>22,824,070</u>	<u>27,842,621</u>
DEFERRED INFLOWS OF RESOURCES						
	<u>1,254,565</u>	<u>125,222</u>	<u>155,059</u>	<u>15,476</u>	<u>1,409,624</u>	<u>140,698</u>
NET POSITION						
Net investment in capital assets	2,804,778	1,722,478	5,356,887	5,568,799	8,161,665	7,291,277
Restricted	2,520,596	2,491,719	-	-	2,520,596	2,491,719
Unrestricted	<u>10,966,166</u>	<u>11,150,185</u>	<u>1,223,156</u>	<u>1,108,878</u>	<u>12,189,322</u>	<u>12,259,063</u>
Total net position	<u>\$ 16,291,540</u>	<u>\$ 15,364,382</u>	<u>\$ 6,580,043</u>	<u>\$ 6,677,677</u>	<u>\$ 22,871,583</u>	<u>\$ 22,042,059</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, 2020, the City's net position increased by \$829,524. Even though the City's net position increased, the increase would have been much higher if not for the effects of the COVID-19 pandemic. Most general revenues that are relative to the economy, recognized a decreased from the prior year. Certain business activities, such as the Utility Development, Replacement and Renewal, saw and increase in expenditures due to the purchase and installation of a fixed base metering system.

The following table indicates changes in net position for the governmental and business-type activities for the City as of September 30, 2020.

CHANGES IN NET POSITION

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	2020	2019	2020	2019	2020	2019
REVENUES						
Program revenues						
Charges for services	\$ 1,101,013	\$ 1,483,593	\$ 4,704,020	\$ 4,555,873	\$ 5,805,033	\$ 6,039,466
Operating grants and contributions	1,047,285	1,063,034	-	-	1,047,285	1,063,034
Capital grants and contributions	-	-	-	839,295	-	839,295
General revenues						
Property taxes	5,763,038	5,683,767	-	-	5,763,038	5,683,767
Sales taxes	6,494,599	6,803,085	-	-	6,494,599	6,803,085
Franchise taxes	1,064,713	1,136,462	-	-	1,064,713	1,136,462
Beverage taxes	61,610	92,582	-	-	61,610	92,582
Occupancy taxes	360,884	631,720	-	-	360,884	631,720
Investment earnings	286,389	413,511	17,307	70,578	303,696	484,089
Sale of capital assets	35,322	123,642	12,872	-	48,194	123,642
Miscellaneous	125,261	58,552	295	6,716	125,556	65,268
Total revenues	<u>16,340,114</u>	<u>17,489,948</u>	<u>4,734,494</u>	<u>5,472,462</u>	<u>21,074,608</u>	<u>22,962,410</u>
EXPENSES						
General government	3,115,843	3,531,774	-	-	3,115,843	3,531,774
Public safety	8,627,416	7,968,939	-	-	8,627,416	7,968,939
Public works	2,833,678	2,924,373	-	-	2,833,678	2,924,373
Community services	226,927	217,299	-	-	226,927	217,299
Loss on sale of assets	-	-	-	-	-	-
Interest on long-term debt	488,674	530,842	-	-	488,674	530,842
Water and wastewater utilities	-	-	3,904,880	3,959,766	3,904,880	3,959,766
Utility development replacement and renewal	-	-	519,822	278,735	519,822	278,735
Storm water utilities	-	-	527,844	499,022	527,844	499,022
Total expenses	<u>15,292,538</u>	<u>15,173,227</u>	<u>4,952,546</u>	<u>4,737,523</u>	<u>20,245,084</u>	<u>19,910,750</u>
Increase in net position before transfers	1,047,576	2,316,721	(218,052)	734,939	829,524	3,051,660
TRANSFERS	(120,418)	414,412	120,418	(414,412)	-	-
Change in net position	927,158	2,731,133	(97,634)	320,527	829,524	3,051,660
NET POSITION -BEGINNING	<u>15,364,382</u>	<u>12,633,249</u>	<u>6,677,677</u>	<u>6,357,150</u>	<u>22,042,059</u>	<u>18,990,399</u>
NET POSITION - ENDING	<u>\$ 16,291,540</u>	<u>\$ 15,364,382</u>	<u>\$ 6,580,043</u>	<u>\$ 6,677,677</u>	<u>\$ 22,871,583</u>	<u>\$ 22,042,059</u>

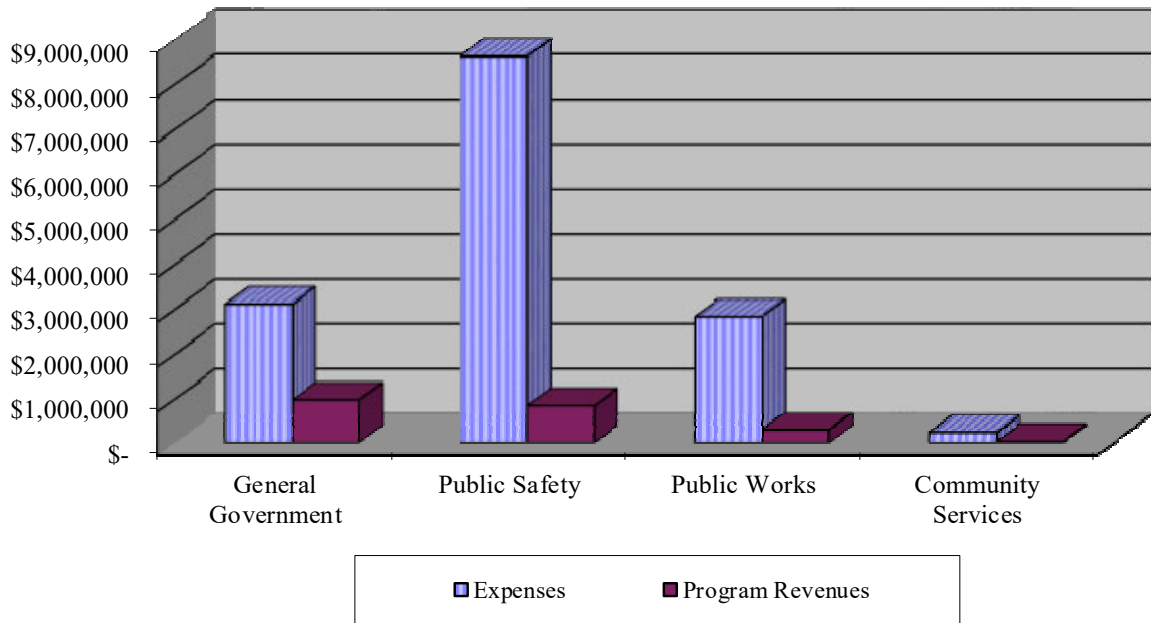
Governmental Activities – Governmental activities increased the City’s net position by \$927,158.

Key elements are as follows:

- Expenses for General Government decreased by \$415,931
- Expenses for Public Safety increased by \$658,477
- Expenses for Public Works decreased by \$90,695
- Expenses for Community Services increased by \$9,628
- Expenses for interest on long-term debt decreased by \$42,168
- Property taxes increased by \$79,271
- Sales taxes decreased by \$308,486
- Occupancy taxes decreased by \$270,836
- Investment earnings decreased by \$127,122
- All other general revenues sources decreased by \$124,332
- Program revenues decreased by \$398,329

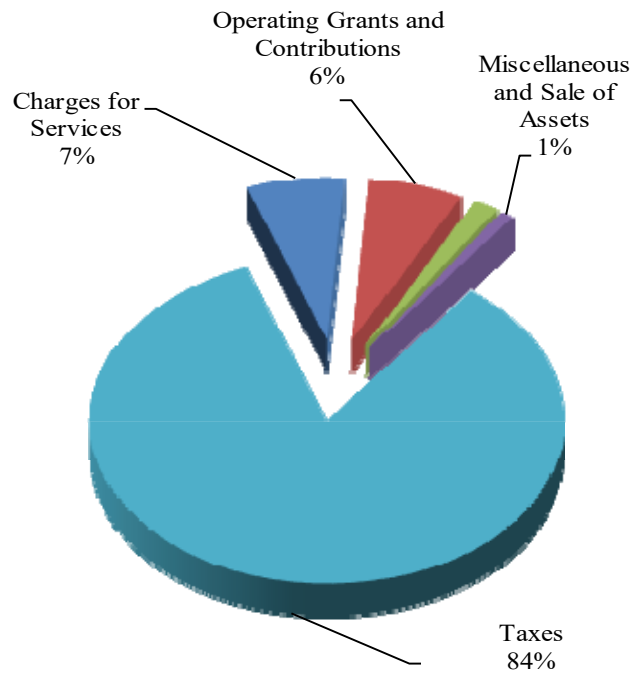
Below is a chart which depicts the expenses and program revenues for all governmental activities.

EXPENSES AND PROGRAM REVENUES – GOVERNMENTAL ACTIVITIES

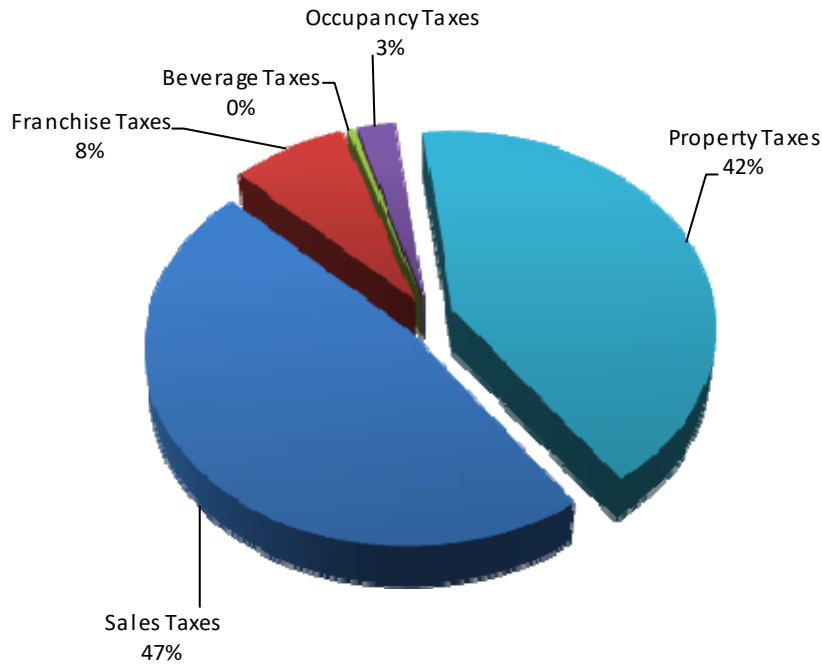


The following charts show first the revenues by source and second the tax revenue by source for all governmental activities.

REVENUES BY SOURCE – GOVERNMENTAL ACTIVITIES



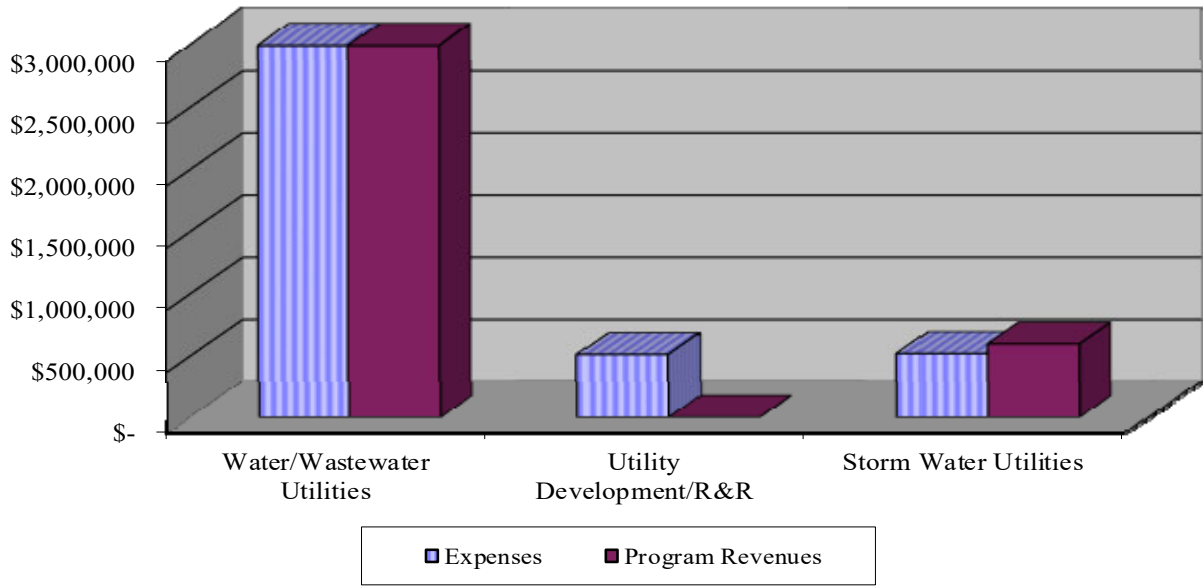
TAX REVENUE BY SOURCE – GOVERNMENTAL ACTIVITIES



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

Business-type activities decreased the City’s net position by \$97,634. This decrease to net position was due primarily to Capital Contributions received in the prior year, as well as, a decrease in investment income due to the market decrease and an increase in expenses due to the purchase and installation of a fixed base metering system. A comparison between expenses and program revenues (charges for services) relating to water, wastewater and storm water operations follows. The major revenue source for business-type activities consists almost entirely of charges for services.

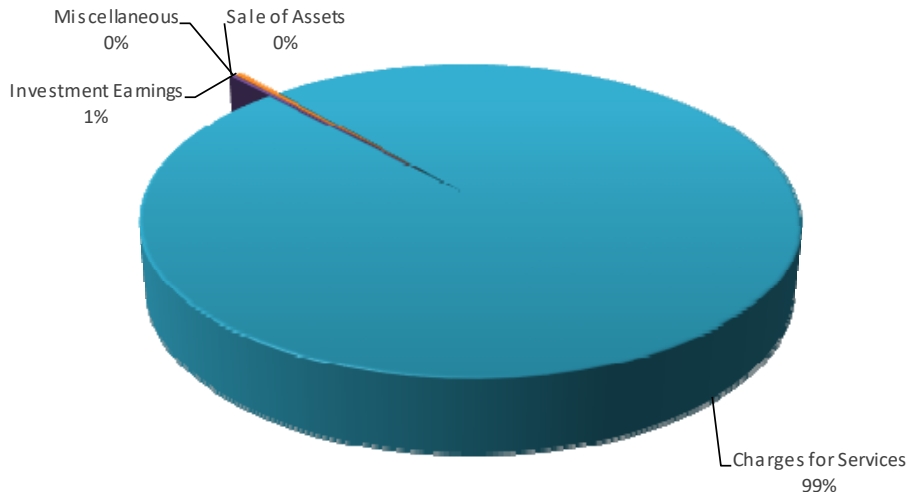
EXPENSES AND PROGRAM REVENUES – BUSINESS-TYPE ACTIVITIES



The revenues in the current fiscal year for the business-type activities decreased by \$737,968 from 2019. The total expenditures for the business-type activities increased by \$215,023 from 2019. The primary reason for the decrease in revenues is because of capital contributions due to an upgrade to a lift station received in the prior year and a decrease in interest income because of the market decline due to effects of the pandemic. The primary reason for the increase in expenditures from 2019 was attributable to the purchase and installation of a fixed based metering system in the Utility Development Replacement and Renewal Fund, as well as, repairs for several main breaks due to extreme weather changes.

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 \$18,494,564, a decrease of \$31,916 from the prior year. . A majority of this decrease is attributable to an increase capital expenditures during the year and decreases to revenue sources such as, sales taxes, occupancy taxes, beverage taxes, permits and fees and investment income, all due to the negative effects of the COVID-19 pandemic. \$10,283,739 (55.60%) of the ending fund balance is unassigned, which is available for spending at the City's discretion. The remaining amount of \$8,210,825 (44.40%) is nonspendable, restricted, assigned, 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 \$10,283,739 compared to \$11,745,322 in 2019, a decrease of \$1,461,583. This decrease was primarily attributable to decreases in several revenue sources such as sales taxes, beverage taxes, permits and fees and investment income attributable to the effects of the pandemic. This decrease was also attributable to management's decision to transfer funds that increased the City's committed fund balances for asset replacement for the future purchase of several large pieces of equipment. 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 debt service fund had a total restricted fund balance of \$431,503 at the end of the current fiscal year. The total fund balance is restricted for the payment of debt service. The net increase was \$32,047 in fund balance from 2019 due to tax receipts being better than what was expected.

Proprietary Funds – The City's proprietary funds provide the same type of information found in the government-wide financial statements. Unrestricted net position of the water and sewer fund, the utility development replacement and renewal fund, and the storm water fund at the end of the current fiscal year was \$1,223,156 or approximately 25% of annual operating and non-operating expenses for the funds.

BUDGETARY HIGHLIGHTS

General Fund/Asset Replacement Fund – Differences between the original and final amended budgets amounted to no overall net change in fund balance; although, there was one approved budget amendment during the 2020 fiscal year. The primary changes were as follows:

- \$104,000 - Decrease to Fire Department Vehicles in the Asset Replacement Fund
- \$104,000 - Increase to Asset Replacement Fund's Transfer Out to Capital Projects Fund

The purpose of this amendment was to allocate funds in the Capital Projects Fund for an approved fire department vehicle purchase that was delayed because of the pandemic.

During the year, general fund revenues were less than budgetary estimates by \$718,143 and expenditures were less than budgetary estimates by \$1,451,432.

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

- \$718,143 under budget in total revenues
 - Property Taxes – were less than budget by \$67,452 which is due to final changes to protested assessed values.
 - Sales Tax – were less than budget by \$763,199 which is due to the shutdown of the economy as a result of the onset of the COVID-19 pandemic.
 - Franchise Taxes – were less than budget by \$53,623 which is due to service providers activity.
 - Beverage Taxes – were less than budgeted by \$53,390 which was due to a shutdown of this business sector as a result of the COVID-19 pandemic.
 - Fines and Fees – were less than budget by \$16,543 which is due of changes in police and code activity.
 - Permits and Fees – were less than budget by \$29,911 due to the slowdown of the construction industry as a result of the COVID-19 pandemic.
 - Service Fees – were less than budget by \$53,214 due a decrease in service related activities because of the pandemic.
 - Investment Earnings – exceeded budget by \$76,050 due to a better than expected market for investment activity before the pandemic hit.
 - Miscellaneous – exceeded budget by \$199,954 due to the sale of supplies and small equipment that was deemed surplus or unusable and some moderate donations.

- \$1,451,432 under budget in total expenditures
 - General Government:
 - Council – did not utilize the contingency budgets.
 - City Secretary – professional legal fees came in way lower than anticipated and did not have to hold an election.
 - Finance – primarily due to professional fees coming in lower than expected and some savings from personnel services and training costs.
 - Planning and Zoning – City Comprehensive Study did not get completed and rolled into the next budget cycle.
 - Information Technology – professional fees came in lower than expected as well as unspent contingencies.
 - Development Services – primarily due to not having to utilize some budgeted professional services expenses for certain inspections.
 - Public Safety – primarily due to personnel vacancies in the Police, Communications, and Fire/EMS departments throughout the fiscal year, as well as, unspent training budgets due to the pandemic.
 - Public Works – primarily due to several vacancies throughout the fiscal year, as well as, lower than anticipated petroleum and utility costs, unspent emergency contingency money for major repairs and other various savings.
 - Leisure Services – primarily due to many recreational events being cancelled or decreased in size and nature due to the pandemic.

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, 2020 amounted to \$22,346,542 (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 4.7%.

At the end of fiscal year 2020, 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 construction in progress, building and improvements, streets and improvements and machinery and equipment categories.

The following table shows capital asset activity for the 2020 fiscal year with comparison for 2019. If more detailed information is desired on the City's capital asset activity, please refer to note 5 (pages 34-35) as presented in the notes to the financial statements.

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	2020	2019	2020	2019	2020	2019
Capital assets - not depreciated						
Land	\$ 1,170,381	\$ 1,170,381	\$ 8,770	\$ 8,770	\$ 1,179,151	\$ 1,179,151
Water rights	647,021	647,021	1,443,075	1,443,075	2,090,096	2,090,096
Construction in progress	149,154	-	-	-	149,154	-
Total capital assets - not depreciated	<u>1,966,556</u>	<u>1,817,402</u>	<u>1,451,845</u>	<u>1,451,845</u>	<u>3,418,401</u>	<u>3,269,247</u>
Capital assets - depreciated						
Buildings and improvements	14,166,783	13,873,957	-	-	14,166,783	13,873,957
Streets and improvements	14,429,370	14,209,705	-	-	14,429,370	14,209,705
Machinery and equipment	8,892,128	8,681,898	1,740,973	1,866,121	10,633,101	10,548,019
Water and wastewater system	-	-	10,496,025	10,403,897	10,496,025	10,403,897
Total capital assets - depreciated	<u>37,488,281</u>	<u>36,765,560</u>	<u>12,236,998</u>	<u>12,270,018</u>	<u>49,725,279</u>	<u>49,035,578</u>
Less: accumulated depreciation	<u>(22,465,182)</u>	<u>(20,719,505)</u>	<u>(8,331,956)</u>	<u>(8,153,064)</u>	<u>(30,797,138)</u>	<u>(28,872,569)</u>
Capital assets - net	<u>\$ 16,989,655</u>	<u>\$ 17,863,457</u>	<u>\$ 5,356,887</u>	<u>\$ 5,568,799</u>	<u>\$ 22,346,542</u>	<u>\$ 23,432,256</u>

Long-Term Debt – At the end of the current fiscal year, the City had total bonded debt outstanding of \$13,190,000. This amount is backed by the full faith and credit of the City. The City's total debt decreased approximately \$1,735,000, or 12%, during the fiscal year.

	<u>2020</u>	<u>2019</u>
General Obligation Refunding Bonds, Series 2010	\$ 715,000	\$ 1,055,000
General Obligation and Refunding Bonds, Series 2014	12,475,000	13,870,000

The City maintained its Aa3 rating from Moody's Investor Services during the recent Series 2014 bond issue process. The City has no legal debt limit provision in its charter.

More detailed information about the City's long-term liabilities is presented in note 7 (pages 36-38) 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 2020 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. Franchise fees overall had a decrease in 2020 compared to 2019. Sales tax revenues continue to make up the biggest source of primary revenue. The City has seen some substantial increases in its sales tax revenue since 2015. These increases are reflective of a strong economy comeback and some substantial commercial growth. 2020 would have been no exception if not for the negative effects that the COVID-19 Pandemic had on the economy. The City recovered nicely once businesses began to reopen but the City still realized a decrease from 2019. The economy in the area continues to be extremely favorable. Sales tax will always be continually monitored because of its volatile nature. A moderate increase over last year's budget was approved and management will keep close watch to see what effects the economy would have throughout the year.

The general fund's largest controllable revenue source is property taxes. The property tax rate during fiscal year 2020 was \$0.414686 per \$100 valuation, a decrease of \$0.022401 from 2019. Of this tax rate, \$0.311410 is utilized for general fund activities. The remaining amount of \$0.103276 is used for debt service. The rate for fiscal year 2020 was the effective tax rate. The City's portion of the sales tax rate is one and one-half cents, with an additional half cent for economic development. The general fund receives one and one-half cent with a half cent as an instrument of property tax reduction.

Despite all the good things that happened around the City of Live Oak over the past several years, the City was not immune to a global pandemic that swept across the globe. The year 2020 quickly became known as the year of COVID-19. The news of the economic destruction this virus was causing across the world hit the United States in around late February 2020 and quickly spread throughout the country. During the early months of the pandemic, the City saw double digit decreases in its monthly sales tax remittance. But as the summer months approached and the State of Texas started opening businesses back up, the City started to see much better sales tax revenue numbers. The City ended the fiscal year very strong, although, still reported total sales tax revenue below budget, it was higher than what was anticipated. Overall, the Metrocom area sustained fiscal stability throughout the struggles of the economy this year. Even as we start into the new fiscal year, the economy seems to be getting back on a positive track in this area. This area again continues to perform as good as or better than any other area in the state or even the nation.

The City enjoyed several grand openings of retail and food establishments during the economic struggles in 2019-2020. There are many more slated to open in 2021 and onward. Northeast Lakeview College enrollment has grown substantially since opening their doors. 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 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. 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. Over the last couple of years, the oil industry has been in the process of making a welcomed comeback and is still considered to have a solid presence in the area.

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



CITY OF LIVE OAK, TEXAS
STATEMENT OF NET POSITION

September 30, 2020

	PRIMARY GOVERNMENT			COMPONENT UNIT
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	LIVE OAK ECONOMIC DEVELOPMENT CORPORATION
ASSETS				
Cash and cash equivalents	\$ 15,156,606	\$ 1,967,538	\$ 17,124,144	\$ 3,680,175
Investments	3,724,510	-	3,724,510	303,183
Receivables - net of allowances for uncollectibles:				
Taxes	1,321,137	-	1,321,137	418,640
Customer accounts	-	454,605	454,605	-
Other	503,259	-	503,259	-
Due from other governments	-	55,233	55,233	-
Prepaid items	17,082	-	17,082	-
Accrued interest	16,432	-	16,432	2,169
Capital assets				
Land	1,170,381	8,770	1,179,151	44,513
Water rights	647,021	1,443,075	2,090,096	-
Buildings and improvements	14,166,783	-	14,166,783	-
Streets and improvements	14,429,370	-	14,429,370	-
Machinery and equipment	8,892,128	1,740,973	10,633,101	26,330
Water and wastewater system	-	10,496,025	10,496,025	-
Construction in progress	149,154	-	149,154	-
Less: accumulated depreciation	<u>(22,465,182)</u>	<u>(8,331,956)</u>	<u>(30,797,138)</u>	<u>(26,330)</u>
Total assets	<u>37,728,681</u>	<u>7,834,263</u>	<u>45,562,944</u>	<u>4,448,680</u>
DEFERRED OUTFLOW OF RESOURCES				
Deferred outflows related to pension	1,187,227	146,735	1,333,962	-
Deferred outflows related to OPEB	86,730	10,721	97,451	-
Deferred charge on bond refunding	<u>110,920</u>	<u>-</u>	<u>110,920</u>	<u>-</u>
Total deferred outflow of resources	<u>1,384,877</u>	<u>157,456</u>	<u>1,542,333</u>	<u>-</u>
LIABILITIES				
Accounts payable	1,184,523	380,523	1,565,046	164,439
Accrued liabilities	187,345	24,466	211,811	10,059
Due to other governments	241	-	241	-
Unearned revenue	1,395	-	1,395	17,012
Customer deposits	-	135,448	135,448	-
Accrued interest payable	86,818	-	86,818	-
Noncurrent liabilities				
Due within one year	1,890,348	11,266	1,901,614	-
Due in more than one year	12,786,840	33,798	12,820,638	-
Net pension liability	5,097,782	630,063	5,727,845	-
Other postemployment benefit liabilities	<u>332,161</u>	<u>41,053</u>	<u>373,214</u>	<u>-</u>
Total liabilities	<u>21,567,453</u>	<u>1,256,617</u>	<u>22,824,070</u>	<u>191,510</u>
DEFERRED INFLOW OF RESOURCES				
Deferred inflows related to pension	1,192,414	147,377	1,339,791	-
Deferred inflows related to OPEB	<u>62,151</u>	<u>7,682</u>	<u>69,833</u>	<u>-</u>
Total deferred inflow of resources	<u>1,254,565</u>	<u>155,059</u>	<u>1,409,624</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	2,804,778	5,356,887	8,161,665	44,513
Restricted				
Weed abatement	10,883	-	10,883	-
Hotel occupancy	1,207,983	-	1,207,983	-
Court security and technology	175,085	-	175,085	-
Alamo Regional SWAT	46,460	-	46,460	-
Forfeiture	104,451	-	104,451	-
Child safety	109,756	-	109,756	-
Emergency radio system	92,801	-	92,801	-
Public education	341,674	-	341,674	-
Debt service	431,503	-	431,503	-
Unrestricted	<u>10,966,166</u>	<u>1,223,156</u>	<u>12,189,322</u>	<u>4,212,657</u>
Total net position	<u>\$ 16,291,540</u>	<u>\$ 6,580,043</u>	<u>\$ 22,871,583</u>	<u>\$ 4,257,170</u>

The accompanying notes are an integral part of these financial statements.

CITY OF LIVE OAK, TEXAS

STATEMENT OF ACTIVITIES

For the year ended September 30, 2020

PRIMARY				
FUNCTIONS AND PROGRAMS	EXPENSES	PROGRAM REVENUES		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS
Governmental activities				
General government	\$ 3,115,843	\$ 30,323	\$ 952,298	\$ -
Public safety	8,627,416	763,135	88,987	-
Public works	2,833,678	278,556	6,000	-
Community services	226,927	28,999	-	-
Interest on long-term debt	488,674	-	-	-
Total governmental activities	15,292,538	1,101,013	1,047,285	-
Business-type activities				
Water and wastewater utilities	3,904,880	4,098,610	-	-
Utility development				
Replacement and renewal	519,822	-	-	-
Storm water fund	527,844	605,410	-	-
Total business-type activities	4,952,546	4,704,020	-	-
Total primary government	\$ 20,245,084	\$ 5,805,033	\$ 1,047,285	\$ -
Component unit				
Live Oak Economic Development Corporation	\$ 1,494,613	\$ -	\$ 240,000	\$ -
General revenues				
Taxes:				
Property taxes				
Sales taxes				
Franchise taxes				
Beverage taxes				
Occupancy tax				
Investment earnings				
Gain (loss) on sale of capital assets				
Miscellaneous				
Transfers				
Total general revenues and transfers				
Change in net position				
NET POSITION AT BEGINNING OF YEAR				
NET POSITION AT END OF YEAR				

The accompanying notes are an integral part of these financial statements.

<u>GOVERNMENT</u>			<u>COMPONENT UNIT</u>
<u>NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION</u>			
<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS-TYPE ACTIVITIES</u>	<u>TOTAL</u>	<u>LIVE OAK ECONOMIC DEVELOPMENT CORPORATION</u>
\$ (2,133,222)	\$ -	\$ (2,133,222)	\$ -
(7,775,294)	-	(7,775,294)	-
(2,549,122)	-	(2,549,122)	-
(197,928)	-	(197,928)	-
(488,674)	-	(488,674)	-
<u>(13,144,240)</u>	<u>-</u>	<u>(13,144,240)</u>	<u>-</u>
-	193,730	193,730	-
-	(519,822)	(519,822)	-
<u>-</u>	<u>77,566</u>	<u>77,566</u>	<u>-</u>
<u>-</u>	<u>(248,526)</u>	<u>(248,526)</u>	<u>-</u>
<u>(13,144,240)</u>	<u>(248,526)</u>	<u>(13,392,766)</u>	<u>-</u>
			<u>1,254,613</u>
5,763,038	-	5,763,038	-
6,494,599	-	6,494,599	2,072,866
1,064,713	-	1,064,713	-
61,610	-	61,610	-
360,884	-	360,884	-
286,389	17,307	303,696	45,350
35,322	12,872	48,194	-
125,261	295	125,556	160,783
(120,418)	120,418	-	-
<u>14,071,398</u>	<u>150,892</u>	<u>14,222,290</u>	<u>2,278,999</u>
927,158	(97,634)	829,524	1,024,386
<u>15,364,382</u>	<u>6,677,677</u>	<u>22,042,059</u>	<u>3,232,784</u>
<u>\$ 16,291,540</u>	<u>\$ 6,580,043</u>	<u>\$ 22,871,583</u>	<u>\$ 4,257,170</u>

CITY OF LIVE OAK, TEXAS

BALANCE SHEET – GOVERNMENTAL FUNDS

September 30, 2020

	GENERAL	DEBT SERVICE FUND	OTHER NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
	<u>GENERAL</u>	<u>FUND</u>	<u>FUNDS</u>	<u>FUNDS</u>
ASSETS				
Cash and cash equivalents	\$ 11,294,080	\$ 431,503	\$ 3,431,023	\$ 15,156,606
Investments	3,724,510	-	-	3,724,510
Receivables - net of allowances for uncollectibles				
Property taxes	48,108	17,110	-	65,218
Sales taxes	1,255,919	-	-	1,255,919
Other	416,018	-	87,241	503,259
Accrued interest	16,432	-	-	16,432
Prepaid items	<u>17,082</u>	<u>-</u>	<u>-</u>	<u>17,082</u>
Total assets	<u>\$ 16,772,149</u>	<u>\$ 448,613</u>	<u>\$ 3,518,264</u>	<u>\$ 20,739,026</u>
LIABILITIES				
Accounts payable	\$ 866,063	\$ -	\$ 318,460	\$ 1,184,523
Accrued liabilities	187,345	-	-	187,345
Due to other governments	241	-	-	241
Unearned revenue	<u>1,395</u>	<u>-</u>	<u>-</u>	<u>1,395</u>
Total liabilities	<u>1,055,044</u>	<u>-</u>	<u>318,460</u>	<u>1,373,504</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred revenue - taxes and warrants	<u>853,848</u>	<u>17,110</u>	<u>-</u>	<u>870,958</u>
FUND BALANCES				
Nonspendable				
Prepaid items	17,082	-	-	17,082
Restricted				
Special revenue funds	-	-	2,078,210	2,078,210
Weed abatement	10,883	-	-	10,883
Debt service	-	431,503	-	431,503
Assigned				
Public Safety	88,778	-	-	88,778
Committed				
Asset replacement	4,462,775	-	-	4,462,775
Capital projects funds	-	-	1,121,594	1,121,594
Unassigned	<u>10,283,739</u>	<u>-</u>	<u>-</u>	<u>10,283,739</u>
Total fund balances	<u>14,863,257</u>	<u>431,503</u>	<u>3,199,804</u>	<u>18,494,564</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 16,772,149</u>	<u>\$ 448,613</u>	<u>\$ 3,518,264</u>	<u>\$ 20,739,026</u>

The accompanying notes are an integral part of these financial statements.

CITY OF LIVE OAK, TEXAS

**RECONCILIATION OF BALANCE SHEET
GOVERNMENTAL FUNDS TO STATEMENT OF NET POSITION**

September 30, 2020

Total fund balances - governmental funds	\$	18,494,564
--	----	------------

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		16,989,655
---	--	------------

Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred inflows of resources in the funds.		870,958
---	--	---------

Long-term liabilities are not due and payable in the current period and therefore, are not reported in the funds:

Bonds payable	\$ (13,190,000)	
Unamortized premium on bonds sold	(1,105,797)	
Compensated absences	(381,391)	
Accrued interest on bonds	(86,818)	
Unamortized loss on bond refundings	<u>110,920</u>	(14,653,086)

Recognition of the City's net pension liability required by GASB 68 and the changes in the deferred outflows and inflows of resources related to the TMRS pension liability are not due and payable in the current period and therefore, not reported in the funds:

Net pension liability	(5,097,782)	
Deferred outflows of resources - pension	1,187,227	
Deferred inflows of resources - pension	<u>(1,192,414)</u>	(5,102,969)

Recognition of the City's other postemployment benefit liability (OPEB) required by GASB 75 and the changes in the deferred outflows and inflows of resources related to the TMRS OPEB liability are not due and payable in the current period and therefore, are not reported in the funds:

OPEB liability	(332,161)	
Deferred outflows of resources - OPEB	86,730	
Deferred inflows of resources - OPEB	<u>(62,151)</u>	<u>(307,582)</u>

Total net position of governmental activities	\$	<u>16,291,540</u>
---	----	-------------------

The accompanying notes are an integral part of these financial statements.

CITY OF LIVE OAK, TEXAS

**STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS**

For the year ended September 30, 2020

	GENERAL	DEBT SERVICE FUND	OTHER NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES				
Property taxes	\$ 4,318,837	\$ 1,439,728	\$ -	\$ 5,758,565
Sales taxes	6,443,564	-	-	6,443,564
Franchise taxes	1,026,377	-	38,336	1,064,713
Beverage taxes	61,610	-	-	61,610
Occupancy taxes	-	-	360,884	360,884
Fines and fees	445,457	-	53,269	498,726
Permits and fees	311,189	-	-	311,189
Service fees	51,486	-	35,400	86,886
Intergovernmental	383,185	738,729	39,000	1,160,914
Investment earnings	251,050	6,147	29,192	286,389
Miscellaneous	255,954	-	-	255,954
Total revenues	13,548,709	2,184,604	556,081	16,289,394
EXPENDITURES				
Current				
General government	2,460,218	-	489,752	2,949,970
Public safety	7,660,710	-	61,212	7,721,922
Public works	2,012,575	-	-	2,012,575
Community services	214,835	-	-	214,835
Debt service				
Principal	-	1,735,000	-	1,735,000
Interest and fiscal charges	-	588,625	-	588,625
Capital outlay	345,997	-	631,968	977,965
Total expenditures	12,694,335	2,323,625	1,182,932	16,200,892
Excess (deficiency) of revenues over (under) expenditures	854,374	(139,021)	(626,851)	88,502
OTHER FINANCING SOURCES (USES)				
Transfers in	245,540	171,068	475,500	892,108
Transfers out	(993,526)	-	(19,000)	(1,012,526)
Total other financing sources (uses)	(747,986)	171,068	456,500	(120,418)
Net change in fund balance	106,388	32,047	(170,351)	(31,916)
FUND BALANCES - BEGINNING OF YEAR	14,756,869	399,456	3,370,155	18,526,480
FUND BALANCES - END OF YEAR	\$ 14,863,257	\$ 431,503	\$ 3,199,804	\$ 18,494,564

The accompanying notes are an integral part of these financial statements.

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**

For the year ended September 30, 2020

Net change in fund balances - governmental funds	\$	(31,916)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures (\$1,007,642). However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense (\$1,881,444). This is the amount by which depreciation expense exceeded capital outlays in the current period.		
		(873,802)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
		50,720
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any affect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items:		
Principal repayments		1,735,000
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:		
Amortization of loss on bond refundings	\$	(21,268)
Amortization of bond premiums		110,182
Compensated absences		(8,449)
Accrued interest		11,037
		91,502
The change in the City's net pension liability and deferred inflows and outflows of resources related to the City's TMRS net pension liability are not reported as expenditures in the funds.		
		(7,912)
The change in the City's other postemployment benefit liability (OPEB) and deferred inflows and outflows of resources related to the City's TMRS OPEB liability are not reported as expenditures in the funds.		
		(36,434)
Change in net position of governmental activities	\$	927,158

The accompanying notes are an integral part of these financial statements.

CITY OF LIVE OAK, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS

September 30, 2020

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			
	MAJOR FUNDS		NONMAJOR FUND	
	WATER AND WASTEWATER UTILITIES	STORM WATER FUND	UTILITY DEVELOPMENT REPLACEMENT AND RENEWAL	TOTAL
<u>ASSETS</u>				
CURRENT ASSETS				
Cash and cash equivalents	\$ 443,182	\$ 399,739	\$ 1,124,617	\$ 1,967,538
Accounts receivable, net of allowance				
Customer accounts	388,280	66,325	-	454,605
Due from other governments	44,330	10,903	-	55,233
Total current assets	<u>875,792</u>	<u>476,967</u>	<u>1,124,617</u>	<u>2,477,376</u>
NONCURRENT ASSETS				
Capital assets				
Land	8,770	-	-	8,770
Water rights	1,443,075	-	-	1,443,075
Machinery and equipment	1,531,356	209,617	-	1,740,973
Water and wastewater system	10,496,025	-	-	10,496,025
Less: accumulated depreciation	<u>(8,138,562)</u>	<u>(193,394)</u>	<u>-</u>	<u>(8,331,956)</u>
Total noncurrent assets	<u>5,340,664</u>	<u>16,223</u>	<u>-</u>	<u>5,356,887</u>
Total assets	<u>6,216,456</u>	<u>493,190</u>	<u>1,124,617</u>	<u>7,834,263</u>
DEFERRED OUTFLOW OF RESOURCES				
Deferred outflow - pension	106,717	40,018	-	146,735
Deferred outflow - OPEB	7,796	2,925	-	10,721
Total deferred outflow of resources	<u>114,513</u>	<u>42,943</u>	<u>-</u>	<u>157,456</u>
Total assets and deferred outflow of resources	<u>\$ 6,330,969</u>	<u>\$ 536,133</u>	<u>\$ 1,124,617</u>	<u>\$ 7,991,719</u>
<u>LIABILITIES AND NET POSITION</u>				
CURRENT LIABILITIES				
Accounts payable	\$ 324,451	\$ 17,611	\$ 38,461	\$ 380,523
Accrued liabilities	17,374	7,092	-	24,466
Customer deposits	135,448	-	-	135,448
Compensated absences	8,134	3,132	-	11,266
Total current liabilities	<u>485,407</u>	<u>27,835</u>	<u>38,461</u>	<u>551,703</u>
NONCURRENT LIABILITIES				
Net pension benefit liability	458,228	171,835	-	630,063
Other postemployment benefit liabilities	29,857	11,196	-	41,053
Compensated absences	24,404	9,394	-	33,798
Total noncurrent liabilities	<u>512,489</u>	<u>192,425</u>	<u>-</u>	<u>704,914</u>
Total liabilities	<u>997,896</u>	<u>220,260</u>	<u>38,461</u>	<u>1,256,617</u>
DEFERRED INFLOW OF RESOURCES				
Deferred inflow - pension	107,184	40,193	-	147,377
Deferred inflow - OPEB	5,587	2,095	-	7,682
Total deferred inflow of resources	<u>112,771</u>	<u>42,288</u>	<u>-</u>	<u>155,059</u>
NET POSITION				
Net investment in capital assets	5,340,664	16,223	-	5,356,887
Unrestricted	<u>(120,362)</u>	<u>257,362</u>	<u>1,086,156</u>	<u>1,223,156</u>
Total net position	<u>5,220,302</u>	<u>273,585</u>	<u>1,086,156</u>	<u>6,580,043</u>
Total liabilities, deferred inflow of resources and net position	<u>\$ 6,330,969</u>	<u>\$ 536,133</u>	<u>\$ 1,124,617</u>	<u>\$ 7,991,719</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**

For the year ended September 30, 2020

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			
	MAJOR FUNDS		NONMAJOR FUND	
	WATER AND WASTEWATER UTILITIES	STORM WATER FUND	UTILITY DEVELOPMENT REPLACEMENT AND RENEWAL	TOTAL
OPERATING REVENUES				
Water and sewer sales	\$ 3,237,019	\$ -	\$ -	\$ 3,237,019
Garbage collection	728,122	-	-	728,122
Application and connection fees	87,286	-	-	87,286
Penalties and fines	46,183	-	-	46,183
Aquifer management fees				
Miscellaneous income	295	-	-	295
Stormwater utility fee	-	605,410	-	605,410
Total operating revenues	<u>4,098,905</u>	<u>605,410</u>	<u>-</u>	<u>4,704,315</u>
OPERATING EXPENSES				
Personnel	863,141	358,907	-	1,222,048
Supplies	174,818	15,807	1,893	192,518
Conferences and training	4,763	-	-	4,763
Repairs and maintenance	28,272	47,360	517,929	593,561
Utilities and telephone	151,395	2,462	-	153,857
Insurance	14,880	-	-	14,880
Service administration	69,948	82,456	-	152,404
Service operating	2,295,482	-	-	2,295,482
Miscellaneous	127	840	-	967
Depreciation	<u>302,054</u>	<u>20,012</u>	<u>-</u>	<u>322,066</u>
Total operating expenses	<u>3,904,880</u>	<u>527,844</u>	<u>519,822</u>	<u>4,952,546</u>
Operating income (loss)	<u>194,025</u>	<u>77,566</u>	<u>(519,822)</u>	<u>(248,231)</u>
NONOPERATING REVENUES (EXPENSES)				
Gain on sale of capital assets	12,872	-	-	12,872
Investment earnings	<u>4,658</u>	<u>3,943</u>	<u>8,706</u>	<u>17,307</u>
Total nonoperating revenues (expenses)	<u>17,530</u>	<u>3,943</u>	<u>8,706</u>	<u>30,179</u>
Net income (loss) before transfers	211,555	81,509	(511,116)	(218,052)
Transfer in	150,028	18,026	781,600	949,654
Transfer out	<u>(603,568)</u>	<u>(133,540)</u>	<u>(92,128)</u>	<u>(829,236)</u>
Change in net position	(241,985)	(34,005)	178,356	(97,634)
NET POSITION AT BEGINNING OF YEAR	<u>5,462,287</u>	<u>307,590</u>	<u>907,800</u>	<u>6,677,677</u>
NET POSITION AT END OF YEAR	<u>\$ 5,220,302</u>	<u>\$ 273,585</u>	<u>\$ 1,086,156</u>	<u>\$ 6,580,043</u>

The accompanying notes are an integral part of these financial statements.

CITY OF LIVE OAK, TEXAS

STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS

For the year ended September 30, 2020

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			
	MAJOR FUNDS		NONMAJOR FUND	
	WATER AND WASTEWATER UTILITIES	STORM WATER FUND	UTILITY DEVELOPMENT REPLACEMENT AND RENEWAL	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers and users	\$ 4,026,307	\$ 594,324	\$ -	\$ 4,620,631
Cash paid to employees for services	(867,146)	(363,284)	-	(1,230,430)
Cash paid to supplier for goods and services	<u>(2,761,023)</u>	<u>(143,329)</u>	<u>(696,632)</u>	<u>(3,600,984)</u>
Net cash provided by (used in) operating activities	<u>398,138</u>	<u>87,711</u>	<u>(696,632)</u>	<u>(210,783)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from sale of assets	12,872	-	-	12,872
Purchase/construction of capital assets	<u>(92,128)</u>	<u>(18,026)</u>	<u>-</u>	<u>(110,154)</u>
Net cash provided by (used in) capital and related financing activities	<u>(79,256)</u>	<u>(18,026)</u>	<u>-</u>	<u>(97,282)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers from other funds	150,028	18,026	781,600	949,654
Transfers to other funds	<u>(603,568)</u>	<u>(133,540)</u>	<u>(92,128)</u>	<u>(829,236)</u>
Net cash provided by (used in) noncapital financing activities	<u>(453,540)</u>	<u>(115,514)</u>	<u>689,472</u>	<u>120,418</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest and investment earnings	<u>4,658</u>	<u>3,943</u>	<u>8,706</u>	<u>17,307</u>
Net increase (decrease) in cash and cash equivalents	(130,000)	(41,886)	1,546	(170,340)
CASH AND CASH EQUIVALENTS - BEGINNING	<u>573,182</u>	<u>441,625</u>	<u>1,123,071</u>	<u>2,137,878</u>
CASH AND CASH EQUIVALENTS - ENDING	<u>\$ 443,182</u>	<u>\$ 399,739</u>	<u>\$ 1,124,617</u>	<u>\$ 1,967,538</u>

(continued)

The accompanying notes are an integral part of these financial statements.

CITY OF LIVE OAK, TEXAS

STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS

For the year ended September 30, 2020

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			
	MAJOR FUNDS		NONMAJOR FUND	
	WATER AND WASTEWATER UTILITIES	STORM WATER FUND	UTILITY DEVELOPMENT REPLACEMENT AND RENEWAL	TOTAL
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES				
Operating income (loss)	\$ 194,025	\$ 77,566	\$ (519,822)	\$ (248,231)
Adjustments to reconcile operating income to net cash provided by Operating activities				
Depreciation	302,054	20,012	-	322,066
Changes in assets and liabilities				
Decrease (increase) in assets				
Customer receivable	(77,651)	(11,027)	-	(88,678)
Due from other governments	(8,702)	(59)	-	(8,761)
Increase (decrease) in liabilities				
Accounts payable and accrued liabilities	(21,338)	5,596	(176,810)	(192,552)
Customer deposits	13,755	-	-	13,755
Net pension liability	712	267	-	979
Other postemployment benefit liability	3,275	1,227	-	4,502
Compensated absences	(7,992)	(5,871)	-	(13,863)
Net cash provided by (used in) operating activities	<u>\$ 398,138</u>	<u>\$ 87,711</u>	<u>\$ (696,632)</u>	<u>\$ (210,783)</u>

SCHEDULE OF NONCASH ACTIVITIES

Actuarially determined change in Net pension liability	\$ 247,098	\$ 92,662	\$ -	\$ 339,760
Other postemployment benefit liability	1,484	556	-	2,040

The accompanying notes are an integral part of these financial statements.



NOTES TO BASIC FINANCIAL STATEMENTS



CITY OF LIVE OAK, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2020

(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:

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, and community development.

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

Discretely presented component unit

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

Government-wide and 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

September 30, 2020

(1) Summary of significant accounting policies (continued)

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 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.

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

CITY OF LIVE OAK, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2020

(1) Summary of significant accounting policies (continued)

Measurement focus, basis of accounting and financial statement presentation (continued)

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.

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.

Investments

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

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

CITY OF LIVE OAK, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2020

(1) Summary of significant accounting policies (continued)

Investments (continued)

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

Level 2 - Inputs to the valuation methodology include:

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

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

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

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

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

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 2014 and older as of September 30, 2020.

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.

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." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

CITY OF LIVE OAK, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2020

(1) Summary of significant accounting policies (continued)

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.

Capital assets

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

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

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

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

<u>ASSET</u>	<u>YEARS</u>
Buildings	30 years
Improvements other than buildings	30 years
Equipment	5-10 years
Water and sewer system	50 years

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.

CITY OF LIVE OAK, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2020

(1) Summary of significant accounting policies (continued)

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.

Fund balance

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

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

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.

CITY OF LIVE OAK, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2020

(1) Summary of significant accounting policies (continued)

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.

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.

Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenses) until that time. The City has three items that qualify for reporting in this category and are reported in the statement of net position for governmental and business type activities and the statement of net position proprietary funds. The deferred outflows of resources related to the City's net pension liability. These amounts are deferred and amortized over subsequent fiscal years. Second, the deferred outflows of resources related to the City's other postemployment plan. These amounts are deferred and amortized over subsequent fiscal years. Third, the City recognizes the deferred charge on refunded debt results from the difference in the carrying value of the refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has two items that qualify for reporting in this category and are reported in the statement of net position for governmental and business type activities and the statement of net position proprietary funds. The City recognizes deferred inflows of resources related to the City's net pension liability. These amounts are deferred and amortized over subsequent fiscal years. Second, the City has deferred inflows of resources related to the City's other postemployment benefit liability. These amounts are deferred and amortized over subsequent fiscal years. In addition, the City has three items which arise under the modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the items, unavailable revenues, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes, sales taxes, and municipal court warrants. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

CITY OF LIVE OAK, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2020

(1) Summary of significant accounting policies (continued)

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS's fiduciary net position are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other postemployment benefits

The fiduciary net position of the Texas Municipal Retirement System (TMRS) Supplemental Death Plan (SDBF) has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net other postemployment benefit (OPEB) liability, deferred outflows of resources, and deferred inflows of resources related to the other postemployment benefits, OPEB expense, and information about additions to/deductions from the TMRS OPEB's fiduciary net position. Benefit payments are recognized when due and payable in accordance with the benefit terms. Contributions are utilized to fund active member deaths on a pay-as-you-go basis; any excess contributions and investment income over payments then become net position available for benefits.

(2) Deposits and investments

As of September 30, 2020, the City had the following investments:

INVESTMENT TYPE	FAIR VALUE	WEIGHTED AVERAGE MATURITY (YEARS)
The City of Live Oak		
Investments:		
U.S. agency securities	\$ 300,111	0.81
Certificates of deposit	983,339	1.11
Municipal bonds	2,441,060	1.52
Total investments	3,724,510	
Investments categorized as cash equivalents:		
TexPool (local government investment pool)	16,872,768	0.11
Total investments and investments categorized as cash equivalents	\$ 20,597,278	
Portfolio weighted average maturity		0.34

CITY OF LIVE OAK, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2020

(2) Deposits and investments (continued)

INVESTMENT TYPE	FAIR VALUE	WEIGHTED AVERAGE MATURITY (YEARS)
Discretely presented component unit		
Live Oak Economic Development Corporation		
Investments:		
Municipal bonds	\$ 303,183	0.63
Total investments	303,183	
Investments categorized as cash equivalents:		
TexPool (local government investment pool)	3,283,365	0.11
Total investments and investments categorized as cash equivalents	\$ 3,586,548	
Portfolio weighted average maturity		0.15

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 City's investment policy states that municipal obligations and other debt investments will be rated not less than A and pools will be no lower than AAA rated. The state comptroller of public accounts exercises oversight responsibility over TexPool, a local government investment pool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. TexPool uses amortized cost rather than fair value to report net position to compute share prices. Accordingly, the fair value of the position in TexPool is the same as the value of TexPool shares. TexPool is rated AAAM by Standard & Poors. Other investments held by the City are rated as follows:

Debt Security	Rating	Rating Agency
Municipal Bonds	AA/AAA	Standard & Poor's
U.S. Agency		
Federal Farm Credit Bank	AA+/A-1+	Standard & Poor's
Federal Home Loan Bank	AA+/A-1+	Standard & Poor's
Federal Home Loan Mortgage Corporation	AA+/A-1+	Standard & Poor's
Federal National Mortgage Association	AA+/A-1+	Standard & Poor's

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, 2020, the City's cash on hand was \$4,407. The carrying amount of deposits was \$246,969 and the Live Oak Economic Development Corporation carrying amount of deposits was \$396,810. The bank balance was \$732,466. The City maintains its cash balances at Frost Bank. Funds held at participating financial institutions have unlimited FDIC coverage for all non-interest bearing accounts, and \$250,000 FDIC coverage for interest bearing accounts, including certificates of deposit. Therefore, the bank balance was covered by federal deposit insurance and the City's depository had pledged securities having a market value of \$1,425,171 as collateral for the City's deposits at fiscal year end. Funds were fully insured and collateralized.

CITY OF LIVE OAK, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2020

(2) Deposits and investments (continued)

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

Concentration of credit risk. The City’s investments consisted of 10% invested in the Federal Farm Credit Bank, 4% invested in the Federal Home Loan Bank, and 3% invested in the Federal Home Mortgage Association. The remaining 83% of the City’s investments are invested in external investment pools, brokered bank certificate of deposits, municipal bonds, and US Agency notes.

Investment valuation. The City categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of assets. The City’s investments for all funds at fiscal year end are listed below at fair value, net of accruals. The City has the following recurring fair value measurements as of September 30, 2020:

	September 30, 2020		Level 1	Level 2	Level 3
The City of Live Oak	Discretely Presented Component Unit Live Oak EDC				
Investment by fair value level:					
Debt securities					
Municipal bonds	\$ 2,441,060	\$ 303,183	\$ -	\$ 2,744,243	\$ -
Federal Home Loan Mortgage Corporation	300,111	-	-	300,111	-
Total debt securities	2,741,171	303,183	-	3,044,354	-
Total investments at fair value:	2,741,171	303,183	\$ -	\$ 5,788,597	\$ -
Investments measured at amortized cost:					
CDs	983,339	-			
External investment pools - TexPool	16,872,768	3,283,365			
Total investments at amortized cost	17,856,107	3,283,365			
Total investments	\$ 20,597,278	\$ 3,586,548			

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

September 30, 2020

(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.

Texpool is an external investment tailored to meet the investment needs of Texas local governments and are valued at amortized cost. It does not have any minimum or maximum transaction or balance amounts and the investment balances are accessible on the same day as the request pending end of business time constraints.

(3) Receivables

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

	GOVERNMENTAL FUNDS			PROPRIETARY FUNDS		TOTAL	DISCRETELY PRESENTED COMPONENT UNIT
	GENERAL	DEBT SERVICE FUND	OTHER NONMAJOR FUNDS	WATER AND WASTEWATER UTILITIES	STORM WATER FUND		LIVE OAK ECONOMIC DEV CORPORATION
Receivables							
Property taxes	\$ 64,587	\$ 21,605	\$ -	\$ -	\$ -	\$ 86,192	\$ -
Sales taxes	1,255,919	-	-	-	-	1,255,919	418,640
Franchise taxes	219,153	-	-	-	-	219,153	-
Customer accounts	28,133	-	-	537,596	66,325	632,054	-
Court fines	395,360	-	-	-	-	395,360	-
Other	69,892	-	87,241	668	-	157,801	-
Gross receivables	2,033,044	21,605	87,241	538,264	66,325	2,746,479	418,640
Less: allowance for uncollectibles	(312,999)	(4,495)	-	(149,984)	-	(467,478)	-
Net total receivables	<u>\$ 1,720,045</u>	<u>\$ 17,110</u>	<u>\$ 87,241</u>	<u>\$ 388,280</u>	<u>\$ 66,325</u>	<u>\$ 2,279,001</u>	<u>\$ 418,640</u>

(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 2020, the assessed tax rate for the City was \$0.414686 per \$100 on an assessed valuation of \$1,453,396,740. This is broken out as \$0.311410 per \$100 for maintenance and operations and \$0.103276 per \$100 for debt retirement. Total tax levy for fiscal year 2020 is \$5,948,089. As of September 30, 2020, the delinquent current taxes for 2020 were \$86,192.

CITY OF LIVE OAK, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2020

(5) Capital assets

Capital asset activity for the year ended September 30, 2020, was as follows:

	BEGINNING BALANCE	INCREASES	DELETIONS	ENDING BALANCE
Governmental activities				
Capital assets not being depreciated				
Land	\$ 1,170,381	\$ -	\$ -	\$ 1,170,381
Water rights	647,021	-	-	647,021
Construction in progress	-	149,154	-	149,154
Total capital assets not being depreciated	<u>1,817,402</u>	<u>149,154</u>	<u>-</u>	<u>1,966,556</u>
Capital assets being depreciated				
Buildings and improvements	13,873,957	292,826	-	14,166,783
Streets and improvements	14,209,705	219,665	-	14,429,370
Machinery and equipment	8,681,898	345,997	(135,767)	8,892,128
Total capital assets being depreciated	<u>36,765,560</u>	<u>858,488</u>	<u>(135,767)</u>	<u>37,488,281</u>
Less accumulated depreciation:				
Buildings and improvements	(7,684,324)	(514,376)	-	(8,198,700)
Streets and improvements	(6,885,864)	(649,889)	-	(7,535,753)
Machinery and equipment	(6,149,317)	(717,179)	135,767	(6,730,729)
Total accumulated depreciation	<u>(20,719,505)</u>	<u>(1,881,444)</u>	<u>135,767</u>	<u>(22,465,182)</u>
Total capital assets being depreciated - net	<u>16,046,055</u>	<u>(1,022,956)</u>	<u>-</u>	<u>15,023,099</u>
Governmental activities capital assets - net	<u>\$ 17,863,457</u>	<u>\$ (873,802)</u>	<u>\$ -</u>	<u>\$ 16,989,655</u>
Business-type activities				
Capital assets not being depreciated				
Land	\$ 8,770	\$ -	\$ -	\$ 8,770
Water rights	1,443,075	-	-	1,443,075
Total capital assets not being depreciated	<u>1,451,845</u>	<u>-</u>	<u>-</u>	<u>1,451,845</u>
Capital assets being depreciated				
Machinery and equipment	1,866,121	18,026	(143,174)	1,740,973
Water and wastewater system	10,403,897	92,128	-	10,496,025
Total capital assets being depreciated	<u>12,270,018</u>	<u>110,154</u>	<u>(143,174)</u>	<u>12,236,998</u>
Less accumulated depreciation:				
Machinery and equipment	(1,633,701)	(94,619)	-	(1,728,320)
Water and wastewater system	(6,519,363)	(227,447)	143,174	(6,603,636)
Total accumulated depreciation	<u>(8,153,064)</u>	<u>(322,066)</u>	<u>143,174</u>	<u>(8,331,956)</u>
Total capital assets being depreciated - net	<u>4,116,954</u>	<u>(211,912)</u>	<u>-</u>	<u>3,905,042</u>
Business-type activities capital assets - net	<u>\$ 5,568,799</u>	<u>\$ (211,912)</u>	<u>\$ -</u>	<u>\$ 5,356,887</u>

CITY OF LIVE OAK, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2020

(5) Capital assets (continued)

	BEGINNING BALANCE	INCREASES	DELETIONS	ENDING BALANCE
Discretely presented component unit				
Live Oak Economic Development Corporation				
Capital assets not being depreciated				
Land	\$ 44,513	\$ -	\$ -	\$ 44,513
Capital assets being depreciated				
Machinery and equipment	26,330	-	-	26,330
Less accumulated depreciation:				
Machinery and equipment	<u>(26,330)</u>	<u>-</u>	<u>-</u>	<u>(26,330)</u>
Total capital assets being depreciated - net	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Live Oak Economic Development Corporation - capital assets - net	<u>\$ 44,513</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 44,513</u>

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

Governmental activities	
General government	\$ 153,103
Public safety	872,314
Public works	844,082
Community leisure	<u>11,945</u>
Total depreciation expense - governmental activities	<u>\$ 1,881,444</u>
Business-type activities	
Water and wastewater utilities	<u>\$ 322,066</u>
Discretely presented component unit	
Live Oak Economic Development Corporation	
General government	<u>\$ -</u>

CITY OF LIVE OAK, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2020

(6) Interfund receivables, payables, and transfers

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

<u>TRANSFERS IN</u>	<u>TRANSFERS OUT</u>	<u>AMOUNT</u>	<u>PURPOSE</u>
General	Water and Wastewater Utilities	\$ 122,500	Subsidy for Administrative Expenditures
General	Storm Water Fund	104,040	Subsidy for Administrative Expenditures
General	Nonmajor Governmental	19,000	Support Fees
Water and Wastewater Utilities	Storm Water Fund	29,500	Support Fees
Debt Service	Water and Wastewater Utilities	171,068	Funding for Debt Service
Nonmajor Governmental	General	475,500	Funding for Capital Projects
Storm Water Fund	General	18,026	Capital Asset Purchasing
Water and Wastewater Utilities	General	28,400	Support Fees
Utility Replacement and Renewal	General	471,600	Capital Asset Purchasing
Water and Wastewater Utilities	Utility Replacement and Renewal	92,128	Capital Asset Purchasing
Utility Replacement and Renewal	Water and Wastewater Utilities	<u>310,000</u>	Capital Asset Purchasing
	TOTAL	<u>\$ 1,841,762</u>	

(7) Long-term liabilities

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. These debt obligations are secured by either future property or hotel tax revenue or liens on property and equipment.

Bonds payable

A summary of the terms of general obligation bonds outstanding at September 30, 2020, follows:

<u>SERIES AND ORIGINAL ISSUE AMOUNT</u>	<u>FINAL MATURITY</u>	<u>INTEREST RATE</u>	<u>GOVERNMENTAL ACTIVITIES</u>
General Obligation Refunding Bonds, Series 2010	\$ 3,400,000	2022	3.064% \$ 715,000
General Obligation and Refunding Bonds, Series 2014	19,515,000	2034	2.0% - 4.0% <u>12,475,000</u>
Total general obligation bonds			<u>\$ 13,190,000</u>

CITY OF LIVE OAK, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2020

(7) Long-term liabilities (continued)

Debt service requirements

Annual debt service requirements for bonds are as follows:

FISCAL YEAR ENDING SEPTEMBER 30,	GOVERNMENTAL ACTIVITIES		
	PRINCIPAL	INTEREST	TOTAL
2021	\$ 1,795,000	\$ 520,910	\$ 2,315,910
2022	1,870,000	452,385	2,322,385
2023	1,565,000	381,000	1,946,000
2024	1,625,000	318,400	1,943,400
2025	850,000	253,400	1,103,400
2026-2030	2,810,000	880,800	3,690,800
2031-2034	<u>2,675,000</u>	<u>272,800</u>	<u>2,947,800</u>
Totals	<u>\$ 13,190,000</u>	<u>\$ 3,079,695</u>	<u>\$ 16,269,695</u>

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, 2020.

Changes in long-term liabilities

	BALANCE 9/30/2018	ADDITIONS	REDUCTIONS	BALANCE 9/30/2019	DUE WITHIN ONE YEAR
Primary government					
Governmental activities					
Long-term debt:					
General obligation bonds	\$ 14,925,000	\$ -	\$ (1,735,000)	\$ 13,190,000	\$ 1,795,000
Bond issuance premium	1,215,979	-	(110,182)	1,105,797	-
Total long-term debt	<u>16,140,979</u>	<u>-</u>	<u>(1,845,182)</u>	<u>14,295,797</u>	<u>1,795,000</u>
Other long-term liabilities:					
Net pension liability	7,838,827	(2,741,045)	-	5,097,782	-
Other postemployment benefit liability	312,239	19,922	-	332,161	-
Compensated absences	372,942	93,236	(84,787)	381,391	95,348
Total other long-term liabilities	<u>8,524,008</u>	<u>(2,627,887)</u>	<u>(84,787)</u>	<u>5,811,334</u>	<u>95,348</u>
Total governmental activities	<u>\$ 24,664,987</u>	<u>\$ (2,627,887)</u>	<u>\$ (1,929,969)</u>	<u>\$ 20,107,131</u>	<u>\$ 1,890,348</u>
Business-type activities					
Other long-term liabilities:					
Net pension liability	\$ 968,844	\$ (338,781)	\$ -	\$ 630,063	\$ -
Other postemployment benefit liability	38,591	2,462	-	41,053	-
Compensated absences payable	58,927	14,732	(28,595)	45,064	11,266
Total business-type activities	<u>\$ 1,066,362</u>	<u>\$ (321,587)</u>	<u>\$ (28,595)</u>	<u>\$ 716,180</u>	<u>\$ 11,266</u>

CITY OF LIVE OAK, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2020

(7) Long-term liabilities (continued)

Changes in long-term liabilities (continued)

The compensated absences, attributable to the governmental activities will be liquidated primarily by the general fund. The General Obligation Refunding Bonds, Series 2010 refunded General Obligation Bonds, Series 2002, which were issued for City facilities. The General Obligation Bonds, Series 2014, were issued for road and park projects and to refund the General Obligation Bonds, Series 2004 and a portion of the Certificates of Obligation Bonds, Series 2005.

(8) Employee retirement system

Plan description

The City participates as one of 888 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the system with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS’s defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmr.com.

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

Benefits provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. At retirement, the benefit is calculated as if the sum of the employee’s contributions, with interest, and the City-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payments options. Members may also choose to receive a portion of their benefit as a partial lump sum distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member’s deposits and interest.

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. Members are eligible to retire at age sixty (60) and above with five (5) or more years of service or with twenty-five (25) years of service regardless of age. A member is vested after five (5) years. The contribution rate for the employees is 7%, and the City matching percent is currently 2 to 1.

Employees covered by benefit terms

At the December 31, 2019 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	75
Inactive employees entitled to but not yet receiving benefits	70
Active employees	<u>115</u>
Total	<u>260</u>

CITY OF LIVE OAK, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2020

(8) Employee retirement system (continued)

Contributions

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

Employees for the City were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 18.26% and 17.95% for calendar years 2019 and 2020 respectively. The City's contributions to TMRS for the year ended September 30, 2020 and 2019 were \$1,427,617 and \$1,286,447 and exceeded the required contributions by \$90,000 in 2020 and \$90,000 in 2019, respectively.

Net pension liability

The City's net pension liability (NPL) was measured as of December 31, 2019, and the total pension liability (TPL) used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	2.75% per year, adjusted down for population declines, if any
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members are based on the PUB (10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees is used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 through December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 actuarial valuation. The post-retirement mortality assumption for annuity purchase rate (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income in order to satisfy the short-term and long-term funding needs of TMRS.

CITY OF LIVE OAK, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2020

(8) Employee retirement system (continued)

Net pension liability (continued)

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

The target allocation and best estimates of real rates of return for each major asset class are summarized in the following table:

<u>ASSET CLASS</u>	<u>TARGET ALLOCATION</u>	<u>LONG-TERM EXPECTED REAL RATE OF RETURN (ARITHMETIC)</u>
Global equity	30.0%	5.30%
Core fixed income	10.0%	1.25%
Non-core fixed income	20.0%	4.14%
Real return	10.0%	3.85%
Real estate	10.0%	4.00%
Absolute return	10.0%	3.48%
Private equity	10.0%	7.75%
Total	<u>100.0%</u>	

Discount rate

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

CITY OF LIVE OAK, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2020

(8) Employee retirement system (continued)

Net pension liability (continued)

Changes in the net pension liability

	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
	<u>(a)</u>	<u>(b)</u>	<u>(a) - (b)</u>
Balance at December 31, 2018	\$ 43,843,551	\$ 35,035,880	\$ 8,807,671
Changes for the year:			
Service cost	1,209,051	-	1,209,051
Interest	2,954,026	-	2,954,026
Change of benefit terms	-	-	-
Difference between expected and actual experience	79,572	-	79,572
Changes of assumptions	(120,659)	-	(120,659)
Contributions - employer	-	1,327,871	(1,327,871)
Contributions - employee	-	482,735	(482,735)
Net investment income	-	5,422,735	(5,422,735)
Benefit payments, including refunds of employee contributions	(1,369,443)	(1,369,443)	-
Administrative expense	-	(30,606)	30,606
Other changes	-	(919)	919
Net changes	<u>2,752,547</u>	<u>5,832,373</u>	<u>(3,079,826)</u>
Balance at December 31, 2019	<u>\$ 46,596,098</u>	<u>\$ 40,868,253</u>	<u>\$ 5,727,845</u>

Sensitivity of the net pension liability to changes in the discount rate

The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
	<u>(a)</u>	<u>(b)</u>	<u>(c)</u>
Net pension liability	<u>\$ 12,430,166</u>	<u>\$ 5,727,845</u>	<u>\$ 226,160</u>

CITY OF LIVE OAK, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2020

(8) Employee retirement system (continued)

Net pension liability (continued)

Pension plan fiduciary net position

Detailed information about the pension plan’s fiduciary net position is available in a separately-issued TMRS financial report. That report may be obtained on the internet at www.tmr.com.

Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions

For the year ended September 30, 2020, the City recognized pension expense of \$1,438,474.

At September 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual economic experience	\$ 236,637	\$ 19,108
Changes in actuarial assumptions	-	91,158
Difference between projected and actual investment earnings	-	1,229,525
Contributions subsequent to the measurement date	1,097,325	-
Total	\$ 1,333,962	\$ 1,339,791

The City reported \$1,097,325 as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

September 30,	Amortization Expense
2021	\$ (238,901)
2022	(327,470)
2023	75,681
2024	(612,464)
2025	-
Thereafter	-
Total	\$ (1,103,154)

CITY OF LIVE OAK, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2020

(9) Other postemployment benefits plan (OPEB)

Plan description

The City 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.

Benefit provided

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 postemployment benefit" or OPEB. As the SDBF covers both active and retiree participants, with no segregation of assets, the SDBF is considered to be an unfunded OPEB plan (i.e. no assets are accumulated).

Contributions

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 contribution rate is equal to the cost of providing one-year term life insurance. The contribution rate for the City was 0.19% and 0.18% for calendar years 2020 and 2019, respectively. The City's contributions to TMRS were \$13,794 and \$11,864 for the fiscal year ended September 30, 2020 and 2019, respectively, and were equal to the required contributions.

Employees covered by benefit terms

At the December 31, 2019 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	47
Inactive employees entitled to but not yet receiving benefits	17
Active employees	<u>115</u>
Total	<u>179</u>

OPEB liability

The City's total OPEB liability of \$373,215 was measured as of December 31, 2019, and was determined by an actuary valuation as of that date.

CITY OF LIVE OAK, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2020

(9) Other postemployment benefits plan (OPEB)

OPEB liability (continued)

Actuary assumptions

The total OPEB liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	3.50% to 11.5% including inflation
Discount rate *	2.75%
Retirees' share of benefit-related costs	\$0
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.
Mortality rates - service retirees	2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.
Mortality rates - disabled retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

* The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2019.

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an actuarial experience study for the period December 31, 2014 to December 31, 2018.

Changes in the total OPEB liability:

Balance at December 31, 2018	\$ 350,830
Changes for the year:	
Service cost	14,459
Interest on the total OPEB liability	13,245
Changes of benefit terms	-
Difference between expected and actual experience	(65,907)
Change of assumptions	62,653
Benefit payments	(2,066)
Net changes	22,384
Balance at December 31, 2019	\$ 373,214

CITY OF LIVE OAK, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2020

(9) Other postemployment benefits plan (OPEB)

OPEB liability (continued)

Sensitivity of the total OPEB liability to changes in the discount rate:

The following presents the total OPEB liability of the City, calculated using the discount rate of 2.75%, as well as what the City's OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.75%) or 1-percentage-point higher (3.75%) than the current rate:

	<u>1% Decrease in Discount Rate (1.75%)</u>	<u>Discount Rate (2.75%)</u>	<u>1% Increase in Discount Rate (3.75%)</u>
Total OPEB liability	\$ <u>454,565</u>	\$ <u>373,214</u>	\$ <u>309,967</u>

OPEB expenses, deferred outflows of resources and deferred inflows of resources related to OPEB

For the year ended September 30, 2020, the City recognized OPEB expense of \$35,577.

At September 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual economic experience	\$ 31,397	\$ 54,445
Changes in actuarial assumptions	64,398	15,388
Difference between projected and actual investment earnings	-	-
Contributions subsequent to the measurement date	<u>1,656</u>	<u>-</u>
Total	\$ <u>97,451</u>	\$ <u>69,833</u>

The City reported \$1,656 as deferred outflows of resources related to the OPEB liability resulting from contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability for the year ending September 30, 2021. Other amounts reported as deferred outflows and inflows of resources related to the OPEB liability will be recognized in OPEB expenses as follows:

<u>September 30,</u>	<u>Amortization Expense</u>
2021	\$ 7,872
2022	7,872
2023	7,481
2024	3,161
2025	(424)
Thereafter	<u>-</u>
Total	\$ <u>25,962</u>

CITY OF LIVE OAK, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2020

(10) Commitments and contingencies

Commitments

Construction commitments

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

	ESTIMATED COST TO CITY	EXPENDED TO DATE	ESTIMATED FUTURE COMMITMENT*
GOVERNMENTAL ACTIVITIES			
Leafy Hollow Traffic Signal Project	\$ 121,198	\$ 121,198	\$ -
Main Park Bathroom Project	292,826	292,826	-
Toepperwein Rd. Sidewalk Project	98,467	98,467	-
Toepperwein Rd. Fence Project	233,819	149,154	84,665
Total estimated future commitments	\$ 746,310	\$ 661,645	\$ 84,665
BUSINESS-TYPE ACTIVITIES			
Fixed base metering system	\$ 80,000	\$ 80,000	\$ -

* The City’s outstanding encumbrances at September 30, 2020 for these projects are equal to the estimated future commitments.

Long-term contracts

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

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

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

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

CITY OF LIVE OAK, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2020

(10) Commitments and contingencies (continued)

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.

(11) 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 Intergovernmental Risk Pool (TMLIRP) to provide insurance coverage for property and casualty, and workers compensation. TMLIRP 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, 2020 were \$244,267 for property and casualty and workers compensation coverage. There were no significant changes in coverage during fiscal year 2020.

(12) Tax incentives

The City entered into an agreement on September 8, 2014 with a business (Hotel) who constructed a hotel and conference center. This agreement is a one-time initiative to incentivize the Hotel to construct and maintain a conference center within the City. The agreement is in accordance with Section 351.101(a) of the Texas Tax Code which provides in pertinent part that revenue from the "municipal hotel occupancy tax may be used only to promote tourism and the convention and hotel industry, and that use is limited to the following: (1) the acquisition of sites for and the construction, improvement, enlarging, equipping, repairing, operation, and maintenance of convention center facilities or visitor information centers, or both (2) the furnishing of facilities, personnel, and materials for the registration of convention delegates or registrants; and (3) advertising and conducting solicitations and promotion programs to attract tourist and convention delegates or registrants to the municipality or its vicinity". The agreement provides for the payment of hotel occupancy taxes (HOT) to the Hotel to support the maintenance and operations of the hotel and conference center. The terms of the agreement call for a payment of \$270,000 annually of HOT revenues collected by the City from sources other than the Hotel for a period of no less than ten years or until the Hotel achieves \$6,000,000 in gross room revenues with a maximum period of 20 years. In addition, the City will pay 100% of all HOT revenue collected from the Hotel until \$7,646,730 is paid up to a maximum period of 20 years. The Hotel began operations during the 2017 fiscal year and the City paid a total of \$435,734 of HOT revenues collected during the current fiscal year.

The City entered into an agreement on December 15, 2015 with a business in the community in accordance with Article III, Section 52-a of the Texas Constitution and Chapter 380 of the Texas Local Government Code to promote state or local economic development and to stimulate business and commercial activity in the City. The agreement is to provide a reimbursement of a percentage property taxes paid for personal property after the development of the business's facility in the City and conditional on employment growth and staff wage requirements being maintained. The agreement commenced on January 1, 2019, the first full tax year after the facilities were fully developed, and 12 years thereafter until fiscal year 2031 with a maximum benefit of \$1,500,000 in reimbursable property taxes. In 2020, the City reimbursed the business \$31,937. As of September 30, 2020, the City has not exceeded \$1,500,000 in cumulative reimbursements to the business.

CITY OF LIVE OAK, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2020

(12) Tax incentives (continued)

The City entered into an agreement on January 31, 2017, with a business and developer in the community in accordance with Article III, Section 52-a of the Texas Constitution and Chapter 380 of the Texas Local Government Code to promote state or local economic development and to stimulate business and commercial activity in the City. The agreement is to provide a reimbursement of a percentage property taxes paid for personal and real property associated with a public improvements projects. The business will also get a sales tax reimbursement based on increases in sales tax attributable to the project. The agreement commenced in 2019, the first year of the incentives, and 20 years thereafter until 2039 with a maximum benefit of \$18,900,000 in reimbursable property and sales taxes. In 2020, the City incurred \$0 for personal and real property and \$449,940 for sales tax. As of September 30, 2020, the City has not exceeded \$18,900,000 in cumulative reimbursements to the business.

The Live Oak Economic Development Corporation (EDC) entered into an agreement on April 3, 2017, with a business and developer in the community in accordance with Chapter 501 and 505 of the Texas Local Government Code to promote state or local economic development and to stimulate business and commercial activity in the EDC. The agreement is to provide a reimbursement of a percentage sales taxes associated with increases in sales tax attributable to a public improvements projects. The agreement commenced in 2019, the first year of the incentives, and 20 years thereafter until 2039 with a maximum benefit of \$7,100,000 in reimbursable sales taxes. In 2020, the EDC incurred \$224,970 for sales tax. As of September 30, 2020, the EDC has not exceeded \$7,100,000 in cumulative reimbursements to the business.

(13) Unrestricted net position deficit

At September 30, 2020, the City has a unrestricted net position deficit for the water and wastewater utility fund presented on the Statement of Net Position of (\$120,362). This deficit is primarily due to the implementation of GASB statements 68 and 75 related to the City's net pension liability and other postemployment benefits liability. In addition, the City's water and wastewater utility fund continues to invest in its capital infrastructure and equipment using the fund's revenue sources and not issuing debt to finance these acquisitions.

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
- Schedule of changes in net pension liability and related ratios
- Schedule of contributions – net pension liability
- Schedule of changes in OPEB liability and related ratios
- Schedule of contributions – OPEB liability



CITY OF LIVE OAK, TEXAS

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL**

**For the year ended September 30, 2020
(with comparative actual totals for 2019)**

	ORIGINAL BUDGET	FINAL BUDGET	2020 ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)	2019 ACTUAL AMOUNTS
REVENUES					
Property taxes	\$ 4,386,289	\$ 4,386,289	\$ 4,318,837	\$ (67,452)	\$ 4,258,758
Sales tax	7,206,763	7,206,763	6,443,564	(763,199)	6,716,050
Franchise taxes	1,080,000	1,080,000	1,026,377	(53,623)	1,101,802
Beverage taxes	115,000	115,000	61,610	(53,390)	92,582
Fines and fees	462,000	462,000	445,457	(16,543)	495,522
Permits and fees	341,100	341,100	311,189	(29,911)	619,216
Service fees	104,700	104,700	51,486	(53,214)	105,651
Intergovernmental	340,000	340,000	383,185	43,185	389,768
Investment earnings	175,000	175,000	251,050	76,050	331,491
Miscellaneous	56,000	56,000	255,954	199,954	185,130
Total revenues	<u>14,266,852</u>	<u>14,266,852</u>	<u>13,548,709</u>	<u>(718,143)</u>	<u>14,295,970</u>
EXPENDITURES					
General government					
Council	308,774	329,330	107,669	221,661	116,308
City manager	281,250	281,250	252,801	28,449	236,734
City secretary	481,464	481,464	416,408	65,056	402,301
Municipal court	291,565	291,565	266,314	25,251	254,156
Finance	641,730	641,730	585,821	55,909	600,266
Planning and zoning	188,050	188,050	165,600	22,450	172,189
Emergency management office	16,525	16,525	8,965	7,560	12,585
Information technology	387,613	387,613	329,723	57,890	301,893
Development services	399,685	399,685	326,917	72,768	343,431
Total general government	<u>2,996,656</u>	<u>3,017,212</u>	<u>2,460,218</u>	<u>556,994</u>	<u>2,439,863</u>
Public safety					
Police services	4,084,518	4,323,590	4,305,074	18,516	3,753,109
Fire and EMS	2,570,457	2,633,384	2,565,933	67,451	2,437,011
Communication services	826,782	826,782	789,703	37,079	615,586
Total public safety	<u>7,481,757</u>	<u>7,783,756</u>	<u>7,660,710</u>	<u>123,046</u>	<u>6,805,706</u>

CITY OF LIVE OAK, TEXAS

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL**

**For the year ended September 30, 2020
(with comparative actual totals for 2019)**

	ORIGINAL BUDGET	FINAL BUDGET	2020 ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)	2019 ACTUAL AMOUNTS
EXPENDITURES (CONTINUED)					
Public works					
General service	\$ 1,160,599	\$ 1,166,015	\$ 861,931	\$ 304,084	\$ 869,769
Street maintenance	593,599	593,599	438,821	154,778	423,406
Animal control	300,067	300,067	254,374	45,693	260,319
Parks maintenance	593,124	593,124	457,449	135,675	483,576
Total public works	<u>2,647,389</u>	<u>2,652,805</u>	<u>2,012,575</u>	<u>640,230</u>	<u>2,037,070</u>
Community service					
Leisure services	<u>345,997</u>	<u>345,997</u>	<u>214,835</u>	<u>131,162</u>	<u>208,943</u>
Capital outlay	<u>345,997</u>	<u>345,997</u>	<u>345,997</u>	<u>-</u>	<u>512,931</u>
Total expenditures	<u>13,817,796</u>	<u>14,145,767</u>	<u>12,694,335</u>	<u>1,451,432</u>	<u>12,004,513</u>
Excess (deficiency) of revenues over (under) expenditures	<u>449,056</u>	<u>121,085</u>	<u>854,374</u>	<u>733,289</u>	<u>2,291,457</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	291,500	291,500	245,540	(45,960)	281,095
Transfers out	<u>(2,591,746)</u>	<u>(2,591,746)</u>	<u>(993,526)</u>	<u>1,598,220</u>	<u>(435,000)</u>
Total other financing sources (uses)	<u>(2,300,246)</u>	<u>(2,300,246)</u>	<u>(747,986)</u>	<u>1,552,260</u>	<u>(153,905)</u>
Net change in fund balance	(1,851,190)	(2,179,161)	106,388	2,285,549	2,137,552
FUND BALANCE - BEGINNING	<u>14,756,869</u>	<u>14,756,869</u>	<u>14,756,869</u>	<u>-</u>	<u>12,619,317</u>
FUND BALANCE - ENDING	<u>\$ 12,905,679</u>	<u>\$ 12,577,708</u>	<u>\$ 14,863,257</u>	<u>\$ 2,285,549</u>	<u>\$ 14,756,869</u>

CITY OF LIVE OAK, TEXAS

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS*

For the measurement year ended December 31,

	2019	2018	2017	2016	2015	2014
Total pension liability						
Service cost	\$ 1,209,051	\$ 1,137,393	\$ 1,125,289	\$ 1,086,530	\$ 1,059,135	\$ 1,011,607
Interest (on the total pension liability)	2,954,026	2,784,093	2,587,229	2,395,426	2,329,533	2,168,610
Changes of benefit terms	-	-	-	-	-	-
Difference between expected and actual experience	79,572	(36,322)	399,593	298,495	(466,676)	(136,236)
Change of assumptions	(120,659)	-	-	-	142,698	-
Benefit payments, including refunds of employee contributions	(1,369,443)	(1,437,472)	(965,840)	(950,786)	(788,473)	(749,226)
Net change in total pension liability	2,752,547	2,447,692	3,146,271	2,829,665	2,276,217	2,294,755
Total pension liability - beginning	43,843,551	41,395,859	38,249,588	35,419,923	33,143,706	30,848,951
Total pension liability - ending (a)	<u>\$ 46,596,098</u>	<u>\$ 43,843,551</u>	<u>\$ 41,395,859</u>	<u>\$ 38,249,588</u>	<u>\$ 35,419,923</u>	<u>\$ 33,143,706</u>
Plan fiduciary net position						
Contributions - employer	\$ 1,327,871	\$ 1,251,580	\$ 1,212,063	\$ 1,188,375	\$ 1,189,471	\$ 1,082,444
Contributions - employee	482,735	457,572	451,405	436,358	428,304	422,371
Net investment income	5,422,735	(1,075,277)	4,286,046	1,916,181	40,569	1,447,711
Benefit payments, including refunds of employee contributions	(1,369,443)	(1,437,472)	(965,840)	(950,786)	(788,473)	(749,226)
Administrative expense	(30,606)	(20,761)	(22,195)	(21,626)	(24,707)	(15,112)
Other	(919)	(1,085)	(1,125)	(1,165)	(1,220)	(1,242)
Net change in plan fiduciary net position	5,832,373	(825,443)	4,960,354	2,567,337	843,944	2,186,946
Plan fiduciary net position - beginning	35,035,880	35,861,323	30,900,969	28,333,632	27,489,688	25,302,742
Plan fiduciary net position - ending (b)	<u>\$ 40,868,253</u>	<u>\$ 35,035,880</u>	<u>\$ 35,861,323</u>	<u>\$ 30,900,969</u>	<u>\$ 28,333,632</u>	<u>\$ 27,489,688</u>
Net pension liability (a) - (b)	<u>\$ 5,727,845</u>	<u>\$ 8,807,671</u>	<u>\$ 5,534,536</u>	<u>\$ 7,348,619</u>	<u>\$ 7,086,291</u>	<u>\$ 5,654,018</u>
Plan fiduciary net position as a percentage of total pension liability	87.71%	79.91%	86.63%	80.79%	79.99%	82.94%
Covered payroll	<u>\$ 6,885,257</u>	<u>\$ 6,536,742</u>	<u>\$ 6,448,645</u>	<u>\$ 6,233,680</u>	<u>\$ 6,118,632</u>	<u>\$ 6,033,684</u>
Net pension liability as a percentage of total covered payroll	83.19%	134.74%	85.82%	117.89%	115.81%	93.71%

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

CITY OF LIVE OAK, TEXAS

**REQUIRED SUPPLEMENTARY INFORMATION
NET PENSION LIABILITY
SCHEDULE OF CONTRIBUTIONS***

For the fiscal year ended September 30,

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contributions	\$ 1,337,617	\$ 1,196,447	\$ 1,156,712	\$ 1,113,480	\$ 1,143,310	\$ 1,094,224
Contributions in relation to the actuarially determined contributions	<u>1,427,617</u>	<u>1,286,447</u>	<u>1,246,712</u>	<u>1,203,480</u>	<u>1,233,310</u>	<u>1,187,234</u>
Contribution deficiency (excess)	<u>\$ (90,000)</u>	<u>\$ (90,000)</u>	<u>\$ (90,000)</u>	<u>\$ (90,000)</u>	<u>\$ (90,000)</u>	<u>\$ (93,010)</u>
Covered payroll	<u>\$ 7,356,642</u>	<u>\$ 6,681,856</u>	<u>\$ 6,543,573</u>	<u>\$ 6,379,408</u>	<u>\$ 6,458,084</u>	<u>\$ 6,104,168</u>
Contributions as a percentage of covered payroll	19.41%	19.25%	19.05%	18.87%	19.10%	19.45%

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

CITY OF LIVE OAK, TEXAS

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN OTHER POSTEMPLOYMENT
BENEFIT LIABILITY AND RELATED RATIOS***

For the measurement year ended December 31,

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB liability			
Service cost	\$ 14,459	\$ 15,035	\$ 12,897
Interest (on the total OPEB liability)	13,245	10,256	9,901
Changes of benefit terms	-	-	-
Difference between expected and actual experience	(65,907)	47,457	-
Change of assumptions	62,653	(23,260)	25,673
Benefit payments **	<u>(2,066)</u>	<u>(1,961)</u>	<u>(1,290)</u>
Net change in total OPEB liability	22,384	47,527	47,181
Total OPEB liability - beginning	<u>350,830</u>	<u>303,303</u>	<u>256,122</u>
Total OPEB liability - ending	<u>\$ 373,214</u>	<u>\$ 350,830</u>	<u>\$ 303,303</u>
Covered payroll	<u>\$ 6,885,257</u>	<u>\$ 6,536,742</u>	<u>\$ 6,448,645</u>
OPEB liability as a percentage of total covered payroll	5.42%	5.37%	4.70%

*GASB 75 requires 10 fiscal years of data to be provided in this schedule. This is the third year of implementation of GASB 75. The City will develop the schedule prospectively.

**Due to the SDBF being considered an unfunded OPEB plan under GASB 75, benefit payments are treated as being equal to the employer's yearly contributions for retirees.

CITY OF LIVE OAK, TEXAS

**REQUIRED SUPPLEMENTARY INFORMATION
OTHER POSTEMPLOYMENT BENEFIT PLAN LIABILITY
SCHEDULE OF CONTRIBUTIONS***

For the fiscal year ended September 30,

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Actuarially determined contributions	\$ 13,794	\$ 11,864	\$ 10,795
Contributions in relation to the actuarially determined contributions	<u>13,794</u>	<u>11,864</u>	<u>10,795</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 7,356,642</u>	<u>\$ 6,681,856</u>	<u>\$ 6,543,573</u>
Contributions as a percentage of covered payroll	0.19%	0.18%	0.16%

*GASB 75 requires 10 fiscal years of data to be provided in this schedule. This is the third year of implementation of GASB 75. The City will develop the schedule prospectively.

CITY OF LIVE OAK, TEXAS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

September 30, 2020

(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.

(2) Schedule of contributions – net pension liability

Valuation date:

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	26 years
Asset valuation method	10 year smoothed market, 12% soft corridor
Inflation	2.50%
Salary increases	3.5% to 11.50% including inflation
Investment rate of return	6.75%
Retirement age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014 - 2018.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scal UMP. Pre-retirement: PUB (10) mortality tables, with the Public Safety tables used for males and the General Employee table used for females. The rates are projected on a fully generational basis with a scale UMP.

CITY OF LIVE OAK, TEXAS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

September 30, 2020

(2) Schedule of contributions – net pension liability (continued)

Other information:

There were no benefit changes during the year.

(3) Schedule of contributions – other postemployment benefit liability

Valuation date:

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	26 years
Asset valuation method	10 year smoothed market, 12% soft corridor
Inflation	2.50%
Salary increases	3.5% to 11.50% including inflation
Discount rate *	2.75%
Retiree's share of benefit related costs	\$-0-
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.
Mortality rates - service retirees	2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.
Mortality rates - disabled retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

* The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2019.

Other information:

There were no benefit changes during the year.

OTHER SUPPLEMENTARY INFORMATION

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

Such statements and schedules include:

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



CITY OF LIVE OAK, TEXAS

COMBINING FINANCIAL STATEMENTS NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

Forfeiture fund – to account for the revenues received from seized assets and the corresponding restricted expenditures.

Child safety fund – to account for expenditures for the drug awareness and prevention program, school crossing guards, and other child safety programs.

Public education fund – to account for revenues received from franchise fees and the expenditures to fund capital items associated with public, educational, and governmental facilities.

Emergency radio system fund – to account for revenues received from the rental of the Live Oak radio system by other agencies and the expenditures necessary to manage and enhance the emergency radio system.

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

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

Court security fund – to account for revenues received from building security fees and the corresponding restricted expenditures.

The hotel motel occupancy fund – to account for the receipt and disbursement of funds received primarily from hotel motel taxes.

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, 2020

	SPECIAL				
	FORFEITURE	CHILD SAFETY	PUBLIC EDUCATION	EMERGENCY RADIO SYSTEM	COURT TECHNOLOGY
ASSETS					
Cash and cash equivalents	\$ 147,951	\$ 110,636	\$ 333,032	\$ 95,177	\$ 123,268
Accounts receivable - net of allowance					
Other	-	1,350	8,642	39,139	-
Due from other funds	-	-	-	-	-
Due from other governments	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 147,951</u>	<u>\$ 111,986</u>	<u>\$ 341,674</u>	<u>\$ 134,316</u>	<u>\$ 123,268</u>
LIABILITIES					
Accounts payable	\$ 43,500	\$ 2,230	\$ -	\$ 41,515	\$ 778
Accrued liabilities	-	-	-	-	-
Due to other funds	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>43,500</u>	<u>2,230</u>	<u>-</u>	<u>41,515</u>	<u>778</u>
FUND BALANCES					
Restricted:					
Hotel/motel	-	-	-	-	-
Forfeiture	104,451	-	-	-	-
Child safety	-	109,756	-	-	-
Emergency radio system	-	-	-	92,801	-
Public education	-	-	341,674	-	-
Court technology	-	-	-	-	122,490
Alamo Regional SWAT	-	-	-	-	-
Court security	-	-	-	-	-
Capital projects	-	-	-	-	-
Committed:					
Capital projects	-	-	-	-	-
Total fund balances	<u>104,451</u>	<u>109,756</u>	<u>341,674</u>	<u>92,801</u>	<u>122,490</u>
Total liabilities and fund balances	<u>\$ 147,951</u>	<u>\$ 111,986</u>	<u>\$ 341,674</u>	<u>\$ 134,316</u>	<u>\$ 123,268</u>

REVENUE FUNDS			CAPITAL PROJECTS		
ALAMO REGIONAL SWAT	COURT SECURITY	HOTEL/MOTEL OCCUPANCY FUND	CAPITAL PROJECTS	WOODCREST PARK DONATIONS	TOTALS
\$ 39,960	\$ 52,811	\$ 1,287,130	\$ 1,241,058	\$ -	\$ 3,431,023
6,500	-	31,610	-	-	87,241
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 46,460</u>	<u>\$ 52,811</u>	<u>\$ 1,318,740</u>	<u>\$ 1,241,058</u>	<u>\$ -</u>	<u>\$ 3,518,264</u>
\$ -	\$ 216	\$ 110,757	\$ 119,464	\$ -	318,460
-	-	-	-	-	-
-	-	-	-	-	-
-	216	110,757	119,464	-	318,460
-	-	1,207,983	-	-	1,207,983
-	-	-	-	-	104,451
-	-	-	-	-	109,756
-	-	-	-	-	92,801
-	-	-	-	-	341,674
-	-	-	-	-	122,490
46,460	-	-	-	-	46,460
-	52,595	-	-	-	52,595
-	-	-	-	-	-
-	-	-	1,121,594	-	1,121,594
<u>46,460</u>	<u>52,595</u>	<u>1,207,983</u>	<u>1,121,594</u>	<u>-</u>	<u>3,199,804</u>
<u>\$ 46,460</u>	<u>\$ 52,811</u>	<u>\$ 1,318,740</u>	<u>\$ 1,241,058</u>	<u>\$ -</u>	<u>\$ 3,518,264</u>

CITY OF LIVE OAK, TEXAS

**COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS**

For the year ended September 30, 2020

	SPECIAL				
	FORFEITURE	CHILD SAFETY	PUBLIC EDUCATION	EMERGENCY RADIO SYSTEM	COURT TECHNOLOGY
REVENUES					
Occupancy tax	\$ -	\$ -	\$ -	\$ -	\$ -
Franchise fees	-	-	38,336	-	-
Fines and fees	18,701	16,418	-	-	9,801
Service fees	-	-	-	35,400	-
Intergovernmental	-	-	-	-	-
Investment earnings	1,078	831	2,758	644	1,144
Miscellaneous	-	-	-	-	-
Total revenues	<u>19,779</u>	<u>17,249</u>	<u>41,094</u>	<u>36,044</u>	<u>10,945</u>
EXPENDITURES					
Current					
General government	-	-	-	-	11,186
Public safety	43,500	2,642	-	2,578	-
Public works	-	-	-	-	-
Capital outlay	-	-	-	-	-
Total expenditures	<u>43,500</u>	<u>2,642</u>	<u>-</u>	<u>2,578</u>	<u>11,186</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(23,721)</u>	<u>14,607</u>	<u>41,094</u>	<u>33,466</u>	<u>(241)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	(15,000)	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(15,000)</u>	<u>-</u>
Net change in fund balances	<u>(23,721)</u>	<u>14,607</u>	<u>41,094</u>	<u>18,466</u>	<u>(241)</u>
FUND BALANCES AT BEGINNING OF YEAR	<u>128,172</u>	<u>95,149</u>	<u>300,580</u>	<u>74,335</u>	<u>122,731</u>
FUND BALANCES AT END OF YEAR	<u>\$ 104,451</u>	<u>\$ 109,756</u>	<u>\$ 341,674</u>	<u>\$ 92,801</u>	<u>\$ 122,490</u>

REVENUE FUNDS			CAPITAL PROJECT FUNDS		TOTALS
ALAMO REGIONAL SWAT	COURT SECURITY	HOTEL/MOTEL OCCUPANCY FUND	CAPITAL PROJECTS	WOODCREST PARK DONATIONS	
\$ -	\$ -	\$ 360,884	\$ -	\$ -	\$ 360,884
-	-	-	-	-	38,336
-	8,349	-	-	-	53,269
-	-	-	-	-	35,400
39,000	-	-	-	-	39,000
-	416	11,623	10,691	7	29,192
-	-	-	-	-	-
<u>39,000</u>	<u>8,765</u>	<u>372,507</u>	<u>10,691</u>	<u>7</u>	<u>556,081</u>
-	6,915	447,634	20,932	3,085	489,752
12,492	-	-	-	-	61,212
-	-	-	-	-	-
-	-	-	631,968	-	631,968
<u>12,492</u>	<u>6,915</u>	<u>447,634</u>	<u>652,900</u>	<u>3,085</u>	<u>1,182,932</u>
<u>26,508</u>	<u>1,850</u>	<u>(75,127)</u>	<u>(642,209)</u>	<u>(3,078)</u>	<u>(626,851)</u>
6,500	-	-	469,000	-	475,500
(4,000)	-	-	-	-	(19,000)
2,500	-	-	469,000	-	456,500
29,008	1,850	(75,127)	(173,209)	(3,078)	(170,351)
<u>17,452</u>	<u>50,745</u>	<u>1,283,110</u>	<u>1,294,803</u>	<u>3,078</u>	<u>3,370,155</u>
<u>\$ 46,460</u>	<u>\$ 52,595</u>	<u>\$ 1,207,983</u>	<u>\$ 1,121,594</u>	<u>\$ -</u>	<u>\$ 3,199,804</u>

CITY OF LIVE OAK, TEXAS

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FORFEITURE**

**For the year ended September 30, 2020
(with comparative actual totals for 2019)**

	<u>ORIGINAL AND FINAL BUDGET</u>	<u>2020 ACTUAL AMOUNTS</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>	<u>2019 ACTUAL AMOUNTS</u>
REVENUES				
Fines and fees	\$ 52,000	\$ 18,701	\$ (33,299)	\$ 64,500
Investment earnings	<u>260</u>	<u>1,078</u>	<u>818</u>	<u>1,336</u>
Total revenues	<u>52,260</u>	<u>19,779</u>	<u>(32,481)</u>	<u>65,836</u>
EXPENDITURES				
Public safety	10,000	43,500	(33,500)	12,832
Capital outlay	<u>70,000</u>	<u>-</u>	<u>70,000</u>	<u>-</u>
Total expenditures	<u>80,000</u>	<u>43,500</u>	<u>36,500</u>	<u>12,832</u>
Net change in fund balance	(27,740)	(23,721)	4,019	53,004
FUND BALANCE - BEGINNING	<u>128,172</u>	<u>128,172</u>	<u>-</u>	<u>75,168</u>
FUND BALANCE - ENDING	<u>\$ 100,432</u>	<u>\$ 104,451</u>	<u>\$ 4,019</u>	<u>\$ 128,172</u>

CITY OF LIVE OAK, TEXAS

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
CHILD SAFETY**

**For the year ended September 30, 2020
(with comparative actual totals for 2019)**

	ORIGINAL AND FINAL BUDGET	2020 ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	2019 ACTUAL AMOUNTS
REVENUES				
Fines and fees	\$ 16,000	\$ 16,418	\$ 418	\$ 17,453
Investment earnings	<u>1,000</u>	<u>831</u>	<u>(169)</u>	<u>2,052</u>
Total revenues	<u>17,000</u>	<u>17,249</u>	<u>249</u>	<u>19,505</u>
EXPENDITURES				
Public works	16,800	-	16,800	2,212
Public safety	<u>6,000</u>	<u>2,642</u>	<u>3,358</u>	<u>5,970</u>
Total expenditures	<u>22,800</u>	<u>2,642</u>	<u>20,158</u>	<u>8,182</u>
Net change in fund balance	(5,800)	14,607	20,407	11,323
FUND BALANCE - BEGINNING	<u>95,149</u>	<u>95,149</u>	<u>-</u>	<u>83,826</u>
FUND BALANCE - ENDING	<u><u>\$ 89,349</u></u>	<u><u>\$ 109,756</u></u>	<u><u>\$ 20,407</u></u>	<u><u>\$ 95,149</u></u>

CITY OF LIVE OAK, TEXAS

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
EMERGENCY RADIO SYSTEM**

**For the year ended September 30, 2020
(with comparative actual totals for 2019)**

	ORIGINAL AND FINAL BUDGET	2020 ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	2019 ACTUAL AMOUNTS
REVENUES				
Service fees	\$ 36,000	\$ 35,400	\$ (600)	\$ 37,934
Investment earnings	<u>750</u>	<u>644</u>	<u>(106)</u>	<u>1,364</u>
Total revenues	<u>36,750</u>	<u>36,044</u>	<u>(706)</u>	<u>39,298</u>
EXPENDITURES				
Public safety	24,015	2,578	21,437	1,423
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>24,015</u>	<u>2,578</u>	<u>21,437</u>	<u>1,423</u>
Excess (deficiency) of revenues over (under) expenditures	<u>12,735</u>	<u>33,466</u>	<u>20,731</u>	<u>37,875</u>
OTHER FINANCING SOURCES				
Transfers in	-	-	-	-
Transfer out	<u>(15,000)</u>	<u>(15,000)</u>	<u>-</u>	<u>(12,000)</u>
Total other financing sources (uses)	<u>(15,000)</u>	<u>(15,000)</u>	<u>-</u>	<u>(12,000)</u>
Net change in fund balance	(2,265)	18,466	20,731	25,875
FUND BALANCE - BEGINNING	<u>74,335</u>	<u>74,335</u>	<u>-</u>	<u>48,460</u>
FUND BALANCE - ENDING	<u>\$ 72,070</u>	<u>\$ 92,801</u>	<u>\$ 20,731</u>	<u>\$ 74,335</u>

CITY OF LIVE OAK, TEXAS

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
PUBLIC EDUCATION FUND**

**For the year ended September 30, 2020
(with comparative actual totals for 2019)**

	ORIGINAL AND FINAL BUDGET	2020 ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	2019 ACTUAL AMOUNTS
REVENUES				
Franchise fees	\$ 40,000	\$ 38,336	\$ (1,664)	\$ 34,660
Investment earnings	<u>2,500</u>	<u>2,758</u>	<u>258</u>	<u>6,061</u>
Total revenues	<u>42,500</u>	<u>41,094</u>	<u>(1,406)</u>	<u>40,721</u>
Net change in fund balance	42,500	41,094	(1,406)	40,721
FUND BALANCE - BEGINNING	<u>300,580</u>	<u>300,580</u>	<u>-</u>	<u>259,859</u>
FUND BALANCE - ENDING	<u><u>\$ 343,080</u></u>	<u><u>\$ 341,674</u></u>	<u><u>\$ (1,406)</u></u>	<u><u>\$ 300,580</u></u>

CITY OF LIVE OAK, TEXAS

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
COURT TECHNOLOGY**

**For the year ended September 30, 2020
(with comparative actual totals for 2019)**

	ORIGINAL AND FINAL BUDGET	2020 ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	2019 ACTUAL AMOUNTS
REVENUES				
Fines and fees	\$ 13,000	\$ 9,801	\$ (3,199)	\$ 11,895
Investment earnings	<u>1,500</u>	<u>1,144</u>	<u>(356)</u>	<u>2,878</u>
Total revenues	<u>14,500</u>	<u>10,945</u>	<u>(3,555)</u>	<u>14,773</u>
EXPENDITURES				
General government	<u>13,925</u>	<u>11,186</u>	<u>2,739</u>	<u>21,100</u>
Net change in fund balance	575	(241)	(816)	(6,327)
FUND BALANCE - BEGINNING	<u>122,731</u>	<u>122,731</u>	<u>-</u>	<u>129,058</u>
FUND BALANCE - ENDING	<u>\$ 123,306</u>	<u>\$ 122,490</u>	<u>\$ (816)</u>	<u>\$ 122,731</u>

CITY OF LIVE OAK, TEXAS

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
ALAMO REGIONAL SWAT**

**For the year ended September 30, 2020
(with comparative actual totals for 2019)**

	<u>ORIGINAL AND FINAL BUDGET</u>	<u>2020 ACTUAL AMOUNTS</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>	<u>2019 ACTUAL AMOUNTS</u>
REVENUES				
Intergovernmental	\$ 39,000	\$ 39,000	\$ -	\$ 32,500
EXPENDITURES				
Public safety	<u>12,800</u>	<u>12,492</u>	<u>308</u>	<u>11,648</u>
OTHER FINANCING SOURCES (USES)				
Transfer in	6,500	6,500	-	6,500
Transfer out	<u>(4,000)</u>	<u>(4,000)</u>	<u>-</u>	<u>(26,500)</u>
Total other financing sources (uses)	<u>2,500</u>	<u>2,500</u>	<u>-</u>	<u>(20,000)</u>
Net change in fund balance	28,700	29,008	308	852
FUND BALANCE - BEGINNING	<u>17,452</u>	<u>17,452</u>	<u>-</u>	<u>16,600</u>
FUND BALANCE - ENDING	<u>\$ 46,152</u>	<u>\$ 46,460</u>	<u>\$ 308</u>	<u>\$ 17,452</u>

CITY OF LIVE OAK, TEXAS

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
COURT SECURITY**

**For the year ended September 30, 2020
(with comparative actual totals for 2019)**

	ORIGINAL AND FINAL BUDGET	2020 ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	2019 ACTUAL AMOUNTS
REVENUES				
Fines and fees	\$ 10,000	\$ 8,349	\$ (1,651)	\$ 8,921
Investment earnings	<u>750</u>	<u>416</u>	<u>(334)</u>	<u>1,030</u>
Total revenues	<u>10,750</u>	<u>8,765</u>	<u>(1,985)</u>	<u>9,951</u>
EXPENDITURES				
General government	<u>22,700</u>	<u>6,915</u>	<u>15,785</u>	<u>8,398</u>
Net change in fund balance	(11,950)	1,850	13,800	1,553
FUND BALANCE - BEGINNING	<u>50,745</u>	<u>50,745</u>	<u>-</u>	<u>49,192</u>
FUND BALANCE - ENDING	<u>\$ 38,795</u>	<u>\$ 52,595</u>	<u>\$ 13,800</u>	<u>\$ 50,745</u>

CITY OF LIVE OAK, TEXAS

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
HOTEL/MOTEL OCCUPANCY TAX**

**For the year ended September 30, 2020
(with comparative actual totals for 2019)**

	<u>ORIGINAL AND FINAL BUDGET</u>	<u>2020 ACTUAL AMOUNTS</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>	<u>2019 ACTUAL AMOUNTS</u>
REVENUES				
Occupancy tax	\$ 590,000	\$ 360,884	\$ (229,116)	\$ 631,720
Investment earnings	<u>15,000</u>	<u>11,623</u>	<u>(3,377)</u>	<u>27,205</u>
Total revenues	<u>605,000</u>	<u>372,507</u>	<u>(232,493)</u>	<u>658,925</u>
EXPENDITURES				
Current				
General government	<u>580,000</u>	<u>447,634</u>	<u>132,366</u>	<u>543,720</u>
Net change in fund balance	<u>25,000</u>	<u>(75,127)</u>	<u>(364,859)</u>	<u>115,205</u>
FUND BALANCE - BEGINNING	<u>1,283,110</u>	<u>1,283,110</u>	<u>-</u>	<u>1,167,905</u>
FUND BALANCE - ENDING	<u>\$ 1,308,110</u>	<u>\$ 1,207,983</u>	<u>\$ (364,859)</u>	<u>\$ 1,283,110</u>

CITY OF LIVE OAK, TEXAS

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
DEBT SERVICE FUND**

**For the year ended September 30, 2020
(with comparative actual totals for 2019)**

	ORIGINAL AND FINAL BUDGET	2020 ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	2019 ACTUAL AMOUNTS
REVENUES				
Property taxes	\$ 1,407,332	\$ 1,439,728	\$ 32,396	\$ 1,416,118
Intergovernmental	738,729	738,729	-	734,389
Investment earnings	8,000	6,147	(1,853)	17,234
Total revenues	<u>2,154,061</u>	<u>2,184,604</u>	<u>30,543</u>	<u>2,167,741</u>
EXPENDITURES				
Principal	1,735,000	1,735,000	-	1,695,000
Interest and fiscal charges	<u>590,129</u>	<u>588,625</u>	<u>1,504</u>	<u>625,983</u>
Total expenditures	<u>2,325,129</u>	<u>2,323,625</u>	<u>1,504</u>	<u>2,320,983</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(171,068)</u>	<u>(139,021)</u>	<u>32,047</u>	<u>(153,242)</u>
OTHER FINANCING SOURCES				
Transfers in	<u>171,068</u>	<u>171,068</u>	<u>-</u>	<u>171,817</u>
Net change in fund balance	-	32,047	32,047	18,575
FUND BALANCE - BEGINNING	<u>399,456</u>	<u>399,456</u>	<u>-</u>	<u>380,881</u>
FUND BALANCE - ENDING	<u>\$ 399,456</u>	<u>\$ 431,503</u>	<u>\$ 32,047</u>	<u>\$ 399,456</u>

CITY OF LIVE OAK, TEXAS

**DISCRETELY PRESENTED COMPONENT UNIT
LIVE OAK ECONOMIC DEVELOPMENT CORPORATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – MODIFIED ACCRUAL BASIS OF ACCOUNTING**

**For the year ended September 30, 2020
(with comparative actual totals for 2019)**

	<u>ORIGINAL AND FINAL BUDGET</u>	<u>2020 ACTUAL AMOUNTS</u>	<u>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</u>	<u>2019 ACTUAL AMOUNTS</u>
REVENUES				
Sales taxes	\$ 2,282,580	\$ 2,072,866	\$ (209,714)	\$2,168,520
Investment earnings	<u>50,000</u>	<u>45,350</u>	<u>(4,650)</u>	<u>75,625</u>
Total revenues	<u>2,332,580</u>	<u>2,118,216</u>	<u>(214,364)</u>	<u>2,244,145</u>
EXPENDITURES				
General government	<u>877,550</u>	<u>542,699</u>	<u>334,851</u>	<u>1,409,523</u>
Excess of revenues over expenditures	<u>1,455,030</u>	<u>1,575,517</u>	<u>120,487</u>	<u>834,622</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(954,914)</u>	<u>(951,914)</u>	<u>3,000</u>	<u>(954,157)</u>
Net change in fund balance	500,116	623,603	123,487	(119,535)
FUND BALANCE - BEGINNING	<u>2,992,947</u>	<u>2,992,947</u>	<u>-</u>	<u>3,112,482</u>
FUND BALANCE - ENDING	<u>\$ 3,493,063</u>	<u>\$ 3,616,550</u>	<u>\$ 123,487</u>	<u>\$ 2,992,947</u>

CITY OF LIVE OAK, TEXAS

**COMPARATIVE BALANCE SHEETS
GENERAL FUND**

For the years ended September 30, 2020 and 2019

	2020	2019
ASSETS		
Cash and cash equivalents	\$ 11,294,080	\$ 7,425,631
Investments	3,724,510	7,476,294
Receivables		
Ad valorem taxes (net of allowance for uncollectibles of \$16,479 and \$16,530)	48,108	44,029
Sales taxes	1,255,919	1,184,122
Other	416,018	469,045
Accrued interest	16,432	34,382
Prepaid items	17,082	21,300
Total assets	\$ 16,772,149	\$ 16,654,803
LIABILITIES		
Accounts payable	\$ 866,063	\$ 961,959
Accrued liabilities	187,345	126,808
Due to other governments	241	0
Unearned revenue	1,395	4,995
Total liabilities	1,055,044	1,093,762
DEFERRED INFLOW OF RESOURCES		
Unearned revenue - taxes	853,848	804,172
FUND BALANCES		
Nonspendable		
Prepaid items	17,082	21,300
Restricted		
Weed abatement	10,883	19,989
Assigned		
Public Safety	88,778	-
Committed		
Asset replacement	4,462,775	2,970,258
Unassigned	10,283,739	11,745,322
Total fund balances	14,863,257	14,756,869
Total liabilities, deferred inflow of resources, and fund balances	\$ 16,772,149	\$ 16,654,803

CITY OF LIVE OAK, TEXAS

**COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GENERAL FUND**

For the years ended September 30, 2020 and 2019

	2020	2019
REVENUES		
Property taxes	\$ 4,318,837	\$ 4,258,758
Sales tax	6,443,564	6,716,050
Franchise taxes	1,026,377	1,101,802
Beverage taxes	61,610	92,582
Fines and fees	445,457	495,522
Permits and fees	311,189	619,216
Service fees	51,486	105,651
Intergovernmental	383,185	389,768
Investment earnings	251,050	331,491
Miscellaneous	255,954	185,130
Total revenues	13,548,709	14,295,970
EXPENDITURES		
General government	2,460,218	2,439,863
Public safety	7,660,710	6,805,706
Public works	2,012,575	2,037,070
Community services	214,835	208,943
Capital outlay	345,997	512,931
Total expenditures	12,694,335	12,004,513
Excess (deficiency) of revenues over (under) expenditures	854,374	2,291,457
OTHER FINANCING SOURCES (USES)		
Transfers in	245,540	281,095
Transfers out	(993,526)	(435,000)
Total other financing sources (uses)	(747,986)	(153,905)
Net change in fund balances	106,388	2,137,552
FUND BALANCES AT BEGINNING OF YEAR	14,756,869	12,619,317



STATISTICAL SECTION



CITY OF LIVE OAK, TEXAS

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

5 through 10

- Tax Revenues by Source – Governmental Funds
- Top 20 Sales Tax Providers by Business Class
- Property Tax Levies and Collections
- Direct and Overlapping Property Tax Rates
- Assessed Value and Actual Taxable Property
- 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

11 through 14

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

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

Demographic and Economic Information

15 through 16

- Demographic and Economic Statistics
- 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

17 through 19

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

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

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

	<u>2011</u>	<u>2012</u>	<u>2013</u>
GOVERNMENTAL ACTIVITIES			
Net investment in capital assets	\$ 7,660,148	\$ 8,073,159	\$ 8,441,921
Restricted	1,277,624	1,160,105	3,018,682
Unrestricted	<u>9,984,672</u>	<u>9,741,537</u>	<u>10,129,923</u>
 Total governmental activities net position	 <u>\$ 18,922,444</u>	 <u>\$ 18,974,801</u>	 <u>\$ 21,590,526</u>
 BUSINESS-TYPE ACTIVITIES			
Net investment in capital assets	\$ 4,872,400	\$ 5,264,573	\$ 5,095,397
Unrestricted	<u>2,462,678</u>	<u>2,100,154</u>	<u>2,373,622</u>
 Total business-type activities net position	 <u>\$ 7,335,078</u>	 <u>\$ 7,364,727</u>	 <u>\$ 7,469,019</u>
 PRIMARY GOVERNMENT			
Net investment in capital assets	\$ 12,532,548	\$ 13,337,732	\$ 13,537,318
Restricted	1,277,624	1,160,105	3,018,682
Unrestricted	<u>12,447,350</u>	<u>11,841,691</u>	<u>12,503,545</u>
 Total primary government net position	 <u>\$ 26,257,522</u>	 <u>\$ 26,339,528</u>	 <u>\$ 29,059,545</u>

Notes:

*In 2017, 2018, 2019 and 2020 the Live Oak Economic Development Corporation (EDC) financial information was not included in the City's governmental activities due to being a discretely presented, as opposed to blended, component unit.

TABLE 1

<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017*</u>	<u>2018*</u>	<u>2019*</u>	<u>2020*</u>
\$ 7,684,247	\$ 10,047,544	\$ 2,498,042	\$ 337,900	\$ 1,410,757	\$ 1,722,478	\$ 2,804,778
3,179,395	1,884,219	1,944,020	2,083,220	2,425,330	2,491,719	2,520,596
<u>10,791,866</u>	<u>5,221,828</u>	<u>9,903,047</u>	<u>8,980,757</u>	<u>8,797,162</u>	<u>11,150,185</u>	<u>10,966,166</u>
<u>\$ 21,655,508</u>	<u>\$ 17,153,591</u>	<u>\$ 14,345,109</u>	<u>\$ 11,401,877</u>	<u>\$ 12,633,249</u>	<u>\$ 15,364,382</u>	<u>\$ 16,291,540</u>
\$ 5,025,941	\$ 5,209,804	\$ 5,263,431	\$ 5,054,357	\$ 5,058,875	\$ 5,568,799	\$ 5,356,887
<u>2,233,452</u>	<u>1,871,554</u>	<u>1,626,416</u>	<u>1,239,452</u>	<u>1,298,275</u>	<u>1,108,878</u>	<u>1,223,156</u>
<u>\$ 7,259,393</u>	<u>\$ 7,081,358</u>	<u>\$ 6,889,847</u>	<u>\$ 6,293,809</u>	<u>\$ 6,357,150</u>	<u>\$ 6,677,677</u>	<u>\$ 6,580,043</u>
\$ 12,710,188	\$ 15,257,348	\$ 7,761,473	\$ 5,392,257	\$ 6,469,632	\$ 7,291,277	\$ 8,161,665
3,179,395	1,884,219	1,944,020	2,083,220	2,425,330	2,491,719	2,520,596
<u>13,025,318</u>	<u>7,093,382</u>	<u>11,529,463</u>	<u>10,220,209</u>	<u>10,095,437</u>	<u>12,259,063</u>	<u>12,189,322</u>
<u>\$ 28,914,901</u>	<u>\$ 24,234,949</u>	<u>\$ 21,234,956</u>	<u>\$ 17,695,686</u>	<u>\$ 18,990,399</u>	<u>\$ 22,042,059</u>	<u>\$ 22,871,583</u>

CITY OF LIVE OAK, TEXAS

CHANGE IN NET POSITION

LAST TEN FISCAL YEARS

	<u>2011</u>	<u>2012</u>	<u>2013</u>
EXPENSES			
Governmental Activities			
General government	\$ 3,267,821	\$ 3,145,186	\$ 2,894,648
Public safety	5,961,954	6,190,610	6,082,404
Public works	2,459,804	2,633,267	2,645,246
Community services	173,002	231,477	168,400
Interest on long-term debt	<u>731,021</u>	<u>749,670</u>	<u>714,076</u>
Total governmental activities	<u>12,593,602</u>	<u>12,950,210</u>	<u>12,504,774</u>
Business-Type Activities			
Water and wastewater utilities	3,237,249	2,869,242	2,967,953
Utility development replacement and renewal	188,075	150,435	227,632
Storm water fund	<u>380,789</u>	<u>422,827</u>	<u>408,917</u>
Total business-type activities	<u>3,806,113</u>	<u>3,442,504</u>	<u>3,604,502</u>
Total primary government expenses	<u>16,399,715</u>	<u>16,392,714</u>	<u>16,109,276</u>
PROGRAM REVENUES			
Governmental Activities			
Charges for service:			
General government	387,329	458,595	583,196
Public safety	497,400	621,369	635,248
Public works	405,199	269,836	270,191
Community services	58,355	48,986	55,676
Operating grants and contributions	92,968	175,935	3,095
Capital grants and contributions	<u>-</u>	<u>-</u>	<u>413,886</u>
Total governmental activities program revenues	<u>1,441,251</u>	<u>1,574,721</u>	<u>1,961,292</u>
Business-Type Activities:			
Charges for service:			
Water and wastewater utilities	3,476,022	3,278,597	3,427,956
Utility development replacement and renewal	-	4,017	2,339
Storm water fund	602,902	538,236	548,990
Capital grants and contributions	<u>-</u>	<u>-</u>	<u>-</u>
Total business-type activities program revenues	<u>4,078,924</u>	<u>3,820,850</u>	<u>3,979,285</u>
Total primary government program revenues	<u>5,520,175</u>	<u>5,395,571</u>	<u>5,940,577</u>

TABLE 2

	2014	2015	2016	2017*	2018*	2019*	2020*
\$	3,247,132	\$ 5,914,432	\$ 8,380,379	\$ 5,832,574	\$ 3,957,565	\$ 3,531,774	\$ 3,115,843
	6,176,238	6,716,420	6,548,599	7,141,799	7,208,670	7,968,939	8,627,416
	2,496,790	2,574,042	2,680,500	2,724,691	2,785,890	2,924,373	2,833,678
	194,147	177,765	201,719	236,786	244,312	217,299	226,927
	883,904	683,723	684,213	633,911	579,660	530,842	488,674
	<u>12,998,211</u>	<u>16,066,382</u>	<u>18,495,410</u>	<u>16,569,761</u>	<u>14,776,097</u>	<u>15,173,227</u>	<u>15,292,538</u>
	3,112,081	3,284,037	3,226,920	3,322,107	3,679,114	3,959,766	3,904,880
	495,952	33,563	183,331	383,704	228,145	278,735	519,822
	398,244	397,259	580,855	477,189	509,026	499,022	527,844
	<u>4,006,277</u>	<u>3,714,859</u>	<u>3,991,106</u>	<u>4,183,000</u>	<u>4,416,285</u>	<u>4,737,523</u>	<u>4,952,546</u>
	17,004,488	19,781,241	22,486,516	20,752,761	19,192,382	19,910,750	20,245,084
	68,028	208,017	53,086	1,028,765	46,408	37,393	30,323
	734,979	531,948	672,712	669,876	897,738	795,870	763,135
	220,522	281,317	167,563	200,946	291,422	581,828	278,556
	58,118	63,496	57,689	63,893	65,127	68,502	28,999
	15,635	77,500	32,500	44,845	974,452	1,063,034	1,047,285
	-	-	-	270,000	-	-	-
	<u>1,097,282</u>	<u>1,162,278</u>	<u>983,550</u>	<u>2,278,325</u>	<u>2,275,147</u>	<u>2,546,627</u>	<u>2,148,298</u>
	3,480,567	3,550,228	3,351,518	3,285,822	4,027,254	3,990,018	4,098,610
	14,922	-	-	-	-	-	-
	550,201	552,245	557,942	526,365	592,047	565,855	605,410
	-	-	-	147,337	197,698	839,295	-
	<u>4,045,690</u>	<u>4,102,473</u>	<u>3,909,460</u>	<u>3,959,524</u>	<u>4,816,999</u>	<u>5,395,168</u>	<u>4,704,020</u>
	<u>5,142,972</u>	<u>5,264,751</u>	<u>4,893,010</u>	<u>6,237,849</u>	<u>7,092,146</u>	<u>7,941,795</u>	<u>6,852,318</u>

(continued)

CITY OF LIVE OAK, TEXAS

CHANGE IN NET POSITION (CONTINUED)

LAST TEN FISCAL YEARS

	<u>2011</u>	<u>2012</u>	<u>2013</u>
Net (Expense) Revenues			
Governmental Activities	\$ (11,152,351)	\$ (11,375,489)	\$ (10,543,482)
Business-Type Activities	<u>272,811</u>	<u>378,346</u>	<u>374,783</u>
Total primary government net expenses	<u>(10,879,540)</u>	<u>(10,997,143)</u>	<u>(10,168,699)</u>
GOVERNMENTAL REVENUES AND OTHER CHANGES IN NET POSITION			
Governmental Activities			
Taxes			
Property taxes	3,631,698	3,657,100	3,728,011
Sales taxes	5,883,522	6,200,731	6,265,374
Franchise taxes	812,004	852,464	818,781
Beverage taxes	81,905	67,084	74,078
Occupancy taxes	166,460	244,018	345,329
Interest and investment earnings	51,499	33,704	58,912
Gain (loss) on sale of capital assets	-	-	1,577,767
Miscellaneous	138,072	21,595	18,231
Transfers	<u>320,338</u>	<u>351,150</u>	<u>272,724</u>
Total governmental activities	<u>11,085,498</u>	<u>11,427,846</u>	<u>13,159,207</u>
Business-Type Activities			
Gain (loss) on sale of capital assets	-	-	-
Interest and investment earnings	2,941	2,453	2,233
Miscellaneous	-	-	-
Transfers	<u>(320,338)</u>	<u>(351,150)</u>	<u>(272,724)</u>
Total business-type activities	<u>(317,397)</u>	<u>(348,697)</u>	<u>(270,491)</u>
CHANGES IN NET POSITION			
Governmental Activities	(66,853)	52,357	2,615,725
Business-Type Activities	<u>(44,586)</u>	<u>29,649</u>	<u>104,292</u>
 Total primary government	 <u>\$ (111,439)</u>	 <u>\$ 82,006</u>	 <u>\$ 2,720,017</u>

Notes:

*In 2017, 2018, 2019 and 2020 the Live Oak Economic Development Corporation (EDC) financial information was not included in the City's governmental activities due to being a discretely presented, as opposed to blended, component unit.

TABLE 2 (continued)

2014	2015	2016	2017*	2018*	2019*	2020*
\$ (11,900,929)	\$ (14,904,104)	\$ (17,511,860)	\$ (14,291,436)	\$ (12,500,950)	\$ (12,626,600)	\$ (13,144,240)
<u>39,413</u>	<u>387,614</u>	<u>(81,646)</u>	<u>(223,476)</u>	<u>400,714</u>	<u>657,645</u>	<u>(248,526)</u>
<u>(11,861,516)</u>	<u>(14,516,490)</u>	<u>(17,593,506)</u>	<u>(14,514,912)</u>	<u>(12,100,236)</u>	<u>(11,968,955)</u>	<u>(13,392,766)</u>
3,877,655	4,770,375	4,816,434	5,302,619	5,405,636	5,683,767	5,763,038
6,512,987	7,413,737	7,742,339	5,836,773	6,016,246	6,803,085	6,494,599
1,060,879	1,179,497	1,170,417	1,143,688	1,140,210	1,136,462	1,064,713
94,889	101,768	112,942	105,722	94,623	92,582	61,610
403,004	436,420	540,765	596,882	592,016	631,720	360,884
37,346	69,873	162,719	158,707	215,721	413,511	286,389
-	12,209	-	(50,497)	21,715	123,642	35,322
39,380	42,045	41,487	79,793	72,164	58,552	125,261
<u>249,785</u>	<u>103,803</u>	<u>116,275</u>	<u>397,898</u>	<u>402,016</u>	<u>414,412</u>	<u>(120,418)</u>
<u>12,275,925</u>	<u>14,129,727</u>	<u>14,703,378</u>	<u>13,571,585</u>	<u>13,960,347</u>	<u>15,357,733</u>	<u>14,071,398</u>
-	-	-	-	-	-	12,872
746	1,105	6,410	16,534	36,099	70,578	17,307
-	-	-	8,802	56,641	6,716	295
<u>(249,785)</u>	<u>(103,803)</u>	<u>(116,275)</u>	<u>(397,989)</u>	<u>(402,016)</u>	<u>(414,412)</u>	<u>120,418</u>
<u>(249,039)</u>	<u>(102,698)</u>	<u>(109,865)</u>	<u>(372,653)</u>	<u>(309,276)</u>	<u>(337,118)</u>	<u>150,892</u>
374,996	(774,377)	(2,808,482)	(719,851)	1,459,397	2,731,133	927,158
<u>(209,626)</u>	<u>284,916</u>	<u>(191,511)</u>	<u>(596,038)</u>	<u>91,438</u>	<u>320,527</u>	<u>(97,634)</u>
<u>\$ 165,370</u>	<u>\$ (489,461)</u>	<u>\$ (2,999,993)</u>	<u>\$ (1,315,889)</u>	<u>\$ 1,550,835</u>	<u>\$ 3,051,660</u>	<u>\$ 829,524</u>

CITY OF LIVE OAK, TEXAS

FUND BALANCES - GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

	<u>2011</u>	<u>2012</u>	<u>2013</u>
GENERAL FUND			
Reserved	\$ -	\$ -	\$ -
Unreserved	-	-	-
Nonspendable:			
Prepaid items	15,548	19,307	18,730
Restricted:			
Weed abatement	17,988	12,323	8,827
Assigned			
Public Safety	-	-	-
Committed:			
Asset replacement	1,784,217	1,572,184	1,625,100
Unassigned:	<u>6,550,584</u>	<u>6,565,155</u>	<u>6,516,011</u>
Total general fund	<u>\$ 8,368,337</u>	<u>\$ 8,168,969</u>	<u>\$ 8,168,668</u>
ALL OTHER GOVERNMENTAL FUNDS			
Reserved	\$ -	\$ -	\$ -
Unreserved, reported in:			
Special revenue funds	-	-	-
Capital project funds *	-	-	-
Nonspendable:			
Prepaid items	6,346	1,245	3,495
Restricted:			
Special revenue funds	952,753	876,019	2,727,113
Debt service	306,883	271,763	282,742
Capital projects funds	-	-	-
Committed:			
Economic development	948,484	1,029,211	1,251,685
Capital projects funds	<u>480,357</u>	<u>396,086</u>	<u>598,290</u>
Total all other governmental funds	<u>\$ 2,694,823</u>	<u>\$ 2,574,324</u>	<u>\$ 4,863,325</u>

Notes:

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

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

* In 2017, 2018, 2019 and 2020 the Live Oak Economic Development Corporation (EDC) financial information was not included in the City's governmental activities due to being a discretely presented, as opposed to blended, component unit.

TABLE 3

<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017*</u>	<u>2018*</u>	<u>2019*</u>	<u>2020*</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
10,127	10,022	15,458	114,631	17,800	21,300	17,082
10,416	15,465	13,523	6,747	3,660	19,989	10,883
-	-	-	-	-	-	88,778
1,846,355	1,978,705	1,943,738	2,482,170	2,553,151	2,970,258	4,462,775
<u>6,816,883</u>	<u>7,536,197</u>	<u>8,617,515</u>	<u>9,346,943</u>	<u>10,044,706</u>	<u>11,745,322</u>	<u>10,283,739</u>
<u>\$ 8,683,781</u>	<u>\$ 9,540,389</u>	<u>\$ 10,590,234</u>	<u>\$ 11,950,491</u>	<u>\$ 12,619,317</u>	<u>\$ 14,756,869</u>	<u>\$ 14,863,257</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
330	1,030	893	-	-	-	-
2,931,394	1,530,985	1,579,102	1,720,757	1,830,068	2,072,274	2,078,210
279,438	351,067	364,915	372,025	380,881	399,456	431,503
10,266,924	8,355,791	3,213,171	436,646	210,721	-	-
1,506,054	1,701,322	2,162,177	-	-	-	-
<u>419,239</u>	<u>748,666</u>	<u>928,678</u>	<u>1,207,089</u>	<u>788,234</u>	<u>1,297,881</u>	<u>1,121,594</u>
<u>\$ 15,403,379</u>	<u>\$ 12,688,861</u>	<u>\$ 8,248,936</u>	<u>\$ 3,736,517</u>	<u>\$ 3,209,904</u>	<u>\$ 3,769,611</u>	<u>\$ 3,631,307</u>

CITY OF LIVE OAK, TEXAS

CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

	<u>2011</u>	<u>2012</u>	<u>2013</u>
REVENUES			
Taxes	\$ 10,527,601	\$ 10,963,810	\$ 11,261,773
Fines and fees	408,919	385,970	439,717
Permits and fees	443,903	323,162	324,816
Service fees	557,962	500,795	284,374
Intergovernmental	198,987	378,691	473,950
Capital contributions	-	-	-
Investment earnings	51,499	33,704	58,912
Miscellaneous	<u>162,504</u>	<u>25,165</u>	<u>42,780</u>
Total revenues	<u>12,351,375</u>	<u>12,611,297</u>	<u>12,886,322</u>
EXPENDITURES			
General government	3,176,380	2,933,418	2,682,625
Public safety	5,317,197	5,601,217	5,570,275
Public works	1,758,536	1,847,754	1,824,433
Community services	173,002	231,477	168,400
Debt service:			
Principal	990,000	1,070,000	1,115,000
Interest and fiscal charges	784,011	762,438	705,915
Capital projects/outlay	<u>1,717,896</u>	<u>1,386,010</u>	<u>431,970</u>
Total expenditures	<u>13,917,022</u>	<u>13,832,314</u>	<u>12,498,618</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,565,647)</u>	<u>(1,221,017)</u>	<u>387,704</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	1,407,573	1,623,341	1,888,552
Transfers out	(1,087,235)	(1,272,191)	(1,615,828)
Sale of capital assets	-	-	1,628,272
Payment to escrow agent	-	-	-
Bond premium	-	-	-
Proceeds of long-term financing	<u>3,274</u>	<u>550,000</u>	<u>-</u>
Total other financing sources (uses)	<u>323,612</u>	<u>901,150</u>	<u>1,900,996</u>
Net change in fund balances	<u>\$ (1,242,035)</u>	<u>\$ (319,867)</u>	<u>\$ 2,288,700</u>
Debt service as a percentage of noncapital expenditures	14.54%	14.72%	15.09%

Notes:

*In 2017, 2018, 2019 and 2020 the Live Oak Economic Development Corporation (EDC) financial information was not included in the City's governmental activities due to being a discretely presented, as opposed to blended, component unit.

TABLE 4

	2014	2015	2016	2017*	2018*	2019*	2020*
\$	11,886,271	\$ 13,939,465	\$ 14,572,639	\$ 12,939,413	\$ 13,217,790	\$ 14,251,690	\$ 13,689,336
	507,975	470,667	466,763	446,246	580,805	598,291	498,726
	260,592	329,905	220,009	248,451	341,623	619,216	311,189
	124,020	126,610	134,278	140,784	133,876	143,585	86,886
	121,648	213,157	162,500	1,172,844	1,165,176	1,156,657	1,160,914
	-	-	-	270,000	-	-	-
	37,346	69,873	119,548	158,707	215,721	413,511	286,389
	89,284	76,125	84,658	134,192	95,655	291,071	255,954
	<u>13,027,136</u>	<u>15,225,802</u>	<u>15,760,395</u>	<u>15,510,637</u>	<u>15,750,646</u>	<u>17,474,021</u>	<u>16,289,394</u>
	3,039,743	5,696,385	8,094,497	5,576,329	3,783,937	3,269,456	2,949,970
	5,599,405	6,055,839	5,898,901	6,129,095	6,452,232	6,837,579	7,721,922
	1,689,321	1,792,428	1,833,522	1,870,241	2,020,134	2,039,282	2,012,575
	194,147	178,235	201,719	233,257	239,247	208,943	214,835
	1,155,000	1,550,000	1,625,000	1,675,000	1,725,000	1,695,000	1,735,000
	934,229	791,505	782,038	731,618	677,093	625,983	588,625
	499,420	1,123,191	831,073	682,087	1,112,806	514,931	977,965
	<u>13,111,265</u>	<u>17,187,583</u>	<u>19,266,750</u>	<u>16,897,627</u>	<u>16,010,449</u>	<u>15,191,174</u>	<u>16,200,892</u>
	<u>(84,129)</u>	<u>(1,961,781)</u>	<u>(3,506,355)</u>	<u>(1,386,990)</u>	<u>(259,803)</u>	<u>2,282,847</u>	<u>88,502</u>
	1,534,275	2,048,548	1,893,100	890,383	910,101	887,912	892,108
	(1,284,490)	(1,944,745)	(1,776,825)	(492,485)	(508,085)	(473,500)	(1,012,526)
	-	68	-	-	-	-	-
	(10,164,455)	-	-	-	-	-	-
	1,538,966	-	-	-	-	-	-
	19,515,000	-	-	-	-	-	-
	<u>11,139,296</u>	<u>103,871</u>	<u>116,275</u>	<u>397,898</u>	<u>402,016</u>	<u>414,412</u>	<u>(120,418)</u>
\$	<u>11,055,167</u>	<u>(1,857,910)</u>	<u>(3,390,080)</u>	<u>(989,092)</u>	<u>142,213</u>	<u>2,697,259</u>	<u>(31,916)</u>
	14.43%	14.58%	13.06%	14.84%	16.12%	15.81%	15.26%

CITY OF LIVE OAK, TEXAS

TAX REVENUES BY SOURCE – GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

TABLE 5

FISCAL YEAR	PROPERTY	SALES AND USE	FRANCHISE	MIXED BEVERAGE	OCCUPANCY	TOTAL REVENUE
2011	\$ 3,583,711	\$ 5,883,522	\$ 812,003	\$ 81,905	\$ 166,460	\$ 10,527,601
2012	3,599,513	6,200,731	852,464	67,084	244,018	10,963,810
2013	3,758,211	6,265,374	818,781	74,078	345,329	11,261,773
2014	3,814,512	6,512,987	1,060,879	94,889	403,004	11,886,271
2015	4,808,043	7,413,737	1,179,497	101,768	436,420	13,939,465
2016	5,006,176	7,742,339	1,170,417	112,942	540,765	14,572,639
2017*	5,256,348	5,836,773	1,143,688	105,722	596,882	12,939,413
2018*	5,402,347	5,988,594	1,140,210	94,623	592,016	13,217,790
2019*	5,674,876	6,716,050	1,136,462	92,582	631,720	14,251,690
2020*	5,758,565	6,443,564	1,064,713	61,610	360,884	13,689,336

Notes:

*In 2017, 2018, 2019 and 2020 the Live Oak Economic Development Corporation (EDC) financial information was not included in the City’s governmental activities due to being a discretely presented, as opposed to blended, component unit.



CITY OF LIVE OAK, TEXAS

**TOP TWENTY SALES TAX PROVIDERS
BY BUSINESS CLASS**

LAST NINE FISCAL YEARS

BUSINESS CLASS	2019/20		2018/19		2017/18		2016/17	
	RANK	% OF TOTAL	RANK	% OF TOTAL	RANK	% OF TOTAL	RANK	% OF TOTAL
Furniture Stores	1	17.6	1	17.1	6	5.5	6	5.4
Home Centers	2	13.4	2	10.9	1	12.3	1	12.6
Full-Service Restaurant	3	7.8	4	7.8	3	8.0	3	8.3
General Merchandise Stores	4	7.2	5	6.8	4	7.5	4	7.3
Radio, TV, & Other Electronic Stores	5	6.4	3	7.9	2	9.7	2	9.5
Limited-Service Rest	6	5.6	6	5.6	5	6.3	5	6.2
Undefined	7	4.8	7	3.3	--	--	--	--
General Medical and Surgical Hospitals	8	2.9	8	3.2	10	3.0	10	3.0
Beer, Wine and Liquor Stores	9	2.3	15	1.8	17	1.6	19	1.2
Department Stores	10	2.1	9	2.7	8	3.4	9	3.4
All Other Home Furnishing Stores	11	2.0	14	1.8	9	3.2	8	3.6
New Car Dealers	12	2.0	13	1.9	15	2.1	15	2.2
Wireless Telecommunication	13	1.9	10	2.6	7	5.2	7	5.4
Jewelry Stores	14	1.8	11	2.1	11	2.6	11	2.8
Gasoline Stations with Convenience Stores	15	1.8	19	1.3	--	--	--	--
Clothing Accessories Stores	16	1.7	12	2.0	12	2.5	12	2.5
Tire Dealers	17	1.7	17	1.6	16	1.8	16	1.9
Outdoor Power Equipment	18	1.1	20	1.0	20	1.1	--	--
Business to Business Electronic Markets	19	0.9	--	--	--	--	--	--
Elec Power Gen, Trans	20	0.9	--	--	--	--	18	1.2
Motion Picture Theaters	--	--	16	1.7	13	2.4	13	2.5
Misc Store Retailer	--	--	18	1.5	--	--	--	--
Other Elec & Appliances	--	--	--	--	14	2.3	14	2.3
Construction	--	--	--	--	18	1.3	17	1.6
Automotive Repair/Maint	--	--	--	--	19	1.3	20	1.1
Elec, Appl, Computer	--	--	--	--	--	--	--	--
Shoe Stores	--	--	--	--	--	--	--	--
Wholesalers Durable	--	--	--	--	--	--	--	--
Amusement, Gambling, Rec	--	--	--	--	--	--	--	--
Direct Selling Establis	--	--	--	--	--	--	--	--
Not Reported by State	--	--	--	--	--	--	--	--
Mining	--	--	--	--	--	--	--	--

Source: Muniservices

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

TABLE 6

2015/16		2014/15		2013/14		2012/13		2011/12		2010/11	
RANK	% OF TOTAL	RANK	% OF TOTAL	RANK	% OF TOTAL	RANK	% OF TOTAL	RANK	% OF TOTAL	RANK	% OF TOTAL
6	5.7	5	6.3	16	1.7	19	1.1	15	1.3	15	1.8
1	12.0	1	11.0	2	10.9	2	11.3	2	10.7	2	10.7
3	8.5	4	8.4	4	8.2	4	8.8	4	9.2	4	10.2
4	7.8	3	8.4	3	9.1	3	9.8	3	10.0	3	10.3
2	9.4	2	10.4	1	11.2	1	12.2	1	12.4	1	12.4
5	5.8	7	4.7	7	5.1	6	5.5	6	5.2	6	4.3
--	--	--	--	--	--	--	--	--	--	--	--
14	2.5	12	2.9	11	3.0	13	2.6	13	2.3	13	2.7
--	--	18	1.3	--	--	--	--	--	--	--	--
8	3.7	8	4.3	5	5.1	5	6.0	5	6.3	5	6.5
9	3.5	10	3.4	9	3.5	8	3.8	8	4.0	8	3.9
15	2.1	16	1.7	15	2.0	11	3.2	11	3.3	10	3.3
7	5.4	6	5.2	6	5.1	7	4.3	7	4.3	7	4.2
10	3.3	9	3.6	8	3.7	9	3.7	10	3.3	11	3.2
--	--	--	--	--	--	--	--	--	--	--	--
12	2.6	14	2.5	12	2.9	12	3.1	12	3.1	12	3.1
16	1.9	15	2.0	14	2.0	14	2.1	14	2.0	14	1.9
--	--	--	--	--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--	--	--	--	--
18	1.2	20	1.1	19	1.2	16	1.3	17	1.2	16	1.4
11	2.7	13	2.8	10	3.2	10	3.6	9	3.5	9	3.6
17	1.2	--	--	--	--	--	--	--	--	--	--
13	2.6	11	3.2	13	2.1	--	--	--	--	--	--
--	--	--	--	--	--	--	--	--	--	--	--
--	--	--	--	--	--	17	1.2	18	1.2	18	1.1
19	1.0	19	1.2	--	--	--	--	--	--	--	--
20	1	--	--	18	1.3	--	--	--	--	--	--
--	--	17	1.3	17	1.4	15	1.5	16	1.2	17	1.2
--	--	--	--	20	1.2	20	1.0	20	1.0	20	1.0
--	--	--	--	--	--	18	1.1	19	1.1	19	1.1
--	--	--	--	--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--	--	--	--	--

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	
2011	\$ 3,727,705	\$ 3,710,594	99.5%	\$ 14,128	\$ 3,724,722	99.9%	\$ 20,734
2012	3,823,938	3,799,510	99.4%	21,613	3,821,123	99.9%	11,762
2013	3,919,285	3,904,807	99.6%	11,125	3,915,932	99.9%	16,300
2014	4,053,449	3,978,852	98.2%	70,524	4,049,376	99.9%	10,352
2015	4,863,092	4,848,896	99.7%	9,041	4,857,937	99.9%	11,235
2016	5,069,178	4,990,227	98.4%	74,335	5,064,562	99.9%	13,076
2017	5,320,407	5,247,854	98.6%	67,985	5,315,839	99.9%	11,071
2018	5,510,833	5,422,439	98.4%	80,935	5,503,374	99.9%	15,734
2019	5,731,799	5,646,854	98.5%	71,634	5,718,488	99.8%	19,404
2020	5,841,744	5,811,636	99.5%	-	5,811,636	99.5%	19,753

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
2011	0.373790	0.102993	0.476783	1.4630	1.40290	0.141623	0.016652	0.296187	0.030679	0.276235
2012	0.378511	0.098780	0.477291	1.4250	1.42500	0.149150	0.017370	0.296187	0.030679	0.276235
2013	0.367903	0.095252	0.463155	1.4250	1.44060	0.149150	0.017798	0.296187	0.030679	0.276235
2014	0.356363	0.089041	0.445401	1.4250	1.44060	0.149150	0.017500	0.283821	0.030679	0.276235
2015	0.356363	0.153637	0.510000	1.4250	1.44060	0.149150	0.017500	0.283821	0.030679	0.276235
2016	0.330927	0.136764	0.467691	1.4200	1.41500	0.149150	0.017290	0.297500	0.017000	0.276235
2017	0.322620	0.124217	0.446837	1.4700	1.38500	0.149150	0.017290	0.293250	0.015700	0.293250
2018	0.324175	0.119300	0.443475	1.4250	1.36500	0.149150	0.017290	0.291229	0.012868	0.276235
2019	0.324394	0.112693	0.437087	1.4400	1.3600	0.149150	0.018580	0.277429	0.023668	0.276235
2020	0.311410	0.103276	0.414686	1.3584	1.2900	0.149150	0.018580	0.277429	0.023668	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

<u>FISCAL YEAR ENDED SEPTEMBER 30,</u>	<u>TAXABLE VALUE JANUARY 1,</u>	<u>RESIDENTIAL PROPERTY</u>	<u>COMMERCIAL PROPERTY</u>	<u>LESS: TAX-EXEMPT PROPERTY</u>	<u>TOTAL TAXABLE ASSESSED VALUE</u>	<u>TOTAL DIRECT TAX RATE</u>	<u>ESTIMATED ACTUAL TAXABLE VALUE</u>
2011	2010	\$ 444,881,523	\$ 508,132,623	\$ 158,642,440	\$ 794,371,706	0.476783	\$ 953,014,146
2012	2011	462,465,883	510,152,136	159,775,982	812,842,037	0.477291	972,618,019
2013	2012	476,696,234	537,299,352	157,838,602	856,156,984	0.463155	1,013,995,586
2014	2013	499,621,822	574,309,145	158,629,313	915,301,654	0.445401	1,073,930,967
2015	2014	560,159,849	586,655,656	178,346,971	968,468,534	0.510000	1,146,815,505
2016	2015	618,580,846	682,811,268	193,678,796	1,107,713,318	0.467691	1,301,392,114
2017	2016	651,413,768	748,015,483	182,210,553	1,217,218,698	0.446837	1,399,429,251
2018	2017	705,864,315	772,575,189	202,211,523	1,276,227,981	0.443475	1,478,439,504
2019	2018	738,730,967	833,932,717	221,536,410	1,351,127,274	0.437087	1,572,663,684
2020	2019	790,222,690	935,482,894	243,208,157	1,482,497,427	0.414686	1,725,705,584

Source: Bexar Appraisal District.

CITY OF LIVE OAK, TEXAS

**PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS PRIOR**

September 30, 2020 (Unaudited)

TABLE 10

<u>TAXPAYER</u>	2019 TAX ROLL		
	<u>ASSESSED VALUATION</u>	<u>RANK</u>	<u>% OF TOTAL ASSESSED VALUATION</u>
Randolph Brooks Federal Credit Union	\$ 77,710,360	1	5.24%
Methodist Healthcare System S.A.	68,267,030	2	4.60%
GPIF Mira Loma Owner LLC (Mira Loma 2 Apts)	51,700,000	3	3.49%
IKEA Property Inc.	50,097,230	4	3.38%
Continental 136 Fund (Springs Apts)	38,500,000	5	2.60%
CFH Heritage LP (Heritage Apts)	35,355,000	6	2.38%
MCN Villas - SA LLC (Mira Loma 2 Apts)	34,000,000	7	2.29%
S A Development Company LP (The Forum)	27,297,164	8	1.84%
LOT C Holdings Ltd (Town Center Development)	20,802,150	9	1.40%
13012 Oak Terrace Drive LLC (Aspire Apts)	15,436,550	10	1.04%
	<u>\$ 419,165,484</u>		
<u>TAXPAYER</u>	2011 TAX ROLL		
<u>TAXPAYER</u>	<u>ASSESSED VALUATION</u>	<u>RANK</u>	<u>% OF TOTAL ASSESSED VALUATION</u>
Methodist Healthcare System S.A.	\$ 40,561,780	1	4.99%
Randolph Brooks Federal Credit Union	36,225,337	2	4.46%
Lo Mira Loma, LP (Mira Loma Apts)	31,900,000	3	3.92%
Redus TX Properties, LLC (Gateway Plaza)	26,114,050	4	3.21%
Continental 136 Fund (Springs Apts)	24,400,000	5	3.00%
MBS-Colonnade, Ltd (Heritage Apts)	23,639,000	6	2.91%
SA Development Company, LP (The Forum)	14,738,515	7	1.81%
Target Corporation	11,921,318	8	1.47%
Jordan Ford, Inc	10,614,630	9	1.31%
LOT C Holdings, Ltd (Town Center)	9,475,770	10	1.17%
	<u>\$ 229,590,400</u>		

Source: Bexar Appraisal District.

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

TABLE 11

FISCAL YEAR	GOVERNMENTAL ACTIVITIES			BUSINESS-TYPE ACTIVITIES		TOTAL PRIMARY GOVERNMENT	PERCENTAGE OF PERSONAL INCOME	*PER CAPITA
	GENERAL OBLIGATION BONDS	CERTIFICATES OF OBLIGATION	TAX NOTES	TAX NOTES				
2011	\$ 12,735,642	\$ 4,010,000	\$ -	\$ -	\$ 16,745,642	5.4%	1,255	
2012	11,944,203	3,795,000	470,000	485,000	16,694,203	5.3%	1,222	
2013	11,112,764	3,570,000	395,000	365,000	15,442,764	4.9%	1,144	
2014	23,876,889	765,000	320,000	245,000	25,206,889	7.3%	1,709	
2015	22,541,707	520,000	240,000	125,000	23,426,707	6.1%	1,550	
2016	21,141,525	265,000	160,000	-	21,566,525	4.7%	1,405	
2017	19,701,343	-	80,000	-	19,781,343	4.0%	1,256	
2018	17,946,161	-	-	-	17,946,161	3.4%	1,134	
2019	16,140,979	-	-	-	16,140,979	3.2%	1,015	
2020	14,295,797	-	-	-	14,295,797	2.8%	888	

Source: Live Oak Annual Budget and Bexar Appraisal District.

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

CITY OF LIVE OAK, TEXAS

RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING

LAST TEN FISCAL YEARS (UNAUDITED)

TABLE 12

FISCAL YEAR	GOVERNMENTAL ACTIVITIES			BUSINESS-TYPE ACTIVITIES		TOTAL PRIMARY GOVERNMENT	LESS PRINCIPAL*	NET DEBT OUTSTANDING	PERCENTAGE OF TAXABLE VALUE OF PROPERTY	*PER CAPITA
	GENERAL OBLIGATION BONDS	CERTIFICATES OF OBLIGATION	TAX NOTES	TAX NOTES						
2011	\$ 12,735,642	\$ 4,010,000	\$ -	\$ -	\$ 16,745,642	\$ (306,883)	\$ 16,438,759	2.1%	1,252	
2012	11,944,203	3,795,000	470,000	485,000	16,694,203	(271,763)	16,422,440	2.0%	1,221	
2013	11,112,764	3,570,000	395,000	365,000	15,442,764	(282,742)	15,160,022	1.8%	1,140	
2014	23,876,889	765,000	320,000	245,000	25,206,889	(279,438)	24,927,451	2.7%	1,690	
2015	22,541,707	520,000	240,000	125,000	23,426,707	(351,067)	23,075,640	2.4%	1,527	
2016	21,141,525	265,000	160,000	-	21,566,525	(364,915)	21,201,610	1.9%	1,382	
2017	19,701,343	-	80,000	-	19,781,343	(372,025)	19,409,318	1.6%	1,232	
2018	17,946,161	-	-	-	17,946,161	(380,881)	17,565,280	1.4%	1,110	
2019	16,140,979	-	-	-	16,140,979	(399,456)	15,741,523	1.2%	990	
2020	14,295,797	-	-	-	14,295,797	(431,503)	13,864,294	0.9%	861	

Source: Live Oak Annual Budget and Bexar Appraisal District.

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

CITY OF LIVE OAK, TEXAS

LEGAL DEBT MARGIN

LAST TEN FISCAL YEARS (UNAUDITED)

ASSESSED VALUE	\$ 1,482,497,427
*DEBT LIMIT (10% of ASSESSED VALUE)	\$ 148,249,743
Outstanding debt	\$ 14,295,797
Less: amount set aside for repayment of general obligation debt	<u>(431,503)</u>
Total net debt applicable to limit	<u>13,864,294</u>
ECONOMIC DEBT MARGIN	<u>\$ 134,385,449</u>

	<u>FISCAL YEAR</u>		
	<u>2011</u>	<u>2012</u>	<u>2013</u>
Debt Limit	\$ 79,437,171	\$ 81,284,204	\$ 85,615,698
Total Net Debt Applicable to Limit	<u>(16,178,117)</u>	<u>(16,178,237)</u>	<u>(14,567,258)</u>
ECONOMIC DEBT MARGIN	<u>\$ 63,259,054</u>	<u>\$ 65,105,967</u>	<u>\$ 71,048,440</u>

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

TABLE 13

FISCAL YEAR						
2014	2015	2016	2017	2018	2019	2020
\$ 91,530,165	\$ 96,846,853	\$ 110,771,332	\$ 121,721,870	\$ 127,622,798	\$ 135,112,727	\$ 148,249,743
<u>(24,682,451)</u>	<u>(23,227,774)</u>	<u>(21,201,610)</u>	<u>(19,409,318)</u>	<u>(17,565,280)</u>	<u>(15,741,523)</u>	<u>(13,864,294)</u>
<u>\$ 66,847,714</u>	<u>\$ 73,619,079</u>	<u>\$ 89,569,722</u>	<u>\$ 102,312,552</u>	<u>\$ 110,057,518</u>	<u>\$ 119,371,204</u>	<u>\$ 134,385,449</u>

CITY OF LIVE OAK, TEXAS

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

September 30, 2020 (Unaudited)

TABLE 14

GOVERNMENTAL UNIT	DEBT OUTSTANDING	ESTIMATED PERCENTAGE APPLICABLE*	ESTIMATED SHARE OF OVERLAPPING DEBT
Debt Repaid with Property Taxes:			
Alamo CCD	\$ 437,790,000	0.87%	\$ 3,808,773
Bexar County	1,944,900,000	0.87%	16,920,630
Bexar County Hospital District	932,030,000	0.87%	8,108,661
Judson ISD	596,469,223	9.69%	57,797,868
North East ISD	1,404,095,000	1.01%	<u>14,181,360</u>
Subtotal - Overlapping Debt			\$ 100,817,292
City of Live Oak - Direct Debt			<u>14,295,797</u>
TOTAL DIRECT AND OVERLAPPING DEBT			<u><u>\$ 115,113,089</u></u>

Source: Municipal Advisory Council of Texas

*Note:

Overlapping governments are those that coincide, as least in part, within the geographic boundaries of the City. This schedule estimates the portion of outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Live Oak, Texas. This process recognizes that, when considering the City of Live Oak's ability to issue and repay long-term debt, the entire debt burden borne by residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore, responsible for repaying the debt of each overlapping government.

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

TABLE 15

<u>YEAR</u>	<u>POPULATION</u>	<u>PERSONAL INCOME</u> (expressed in 1,000's)	<u>PER CAPITA PERSONAL INCOME</u>	<u>MEDIAN AGE</u>	<u>SCHOOL ENROLLMENT</u>	<u>UNEMPLOYMENT RATE</u>
2011	13,131	310,942	23,680	36.5	7,346	7.0%
2012	13,455	316,300	23,508	35.5	6,849	7.1%
2013	13,301	314,582	23,651	35.5	6,982	5.9%
2014	14,751	345,026	23,390	35.5	6,997	4.7%
2015	15,116	382,223	25,286	37.4	6,999	3.2%
2016	15,346	454,671	29,628	37.9	7,272	3.9%
2017	15,749	498,755	31,669	38.6	7,197	3.2%
2018	15,820	522,993	33,059	38.3	7,215	3.2%
2019	15,908	499,925	31,426	38.6	7,327	2.8%
2020	16,104	506,084	31,426	35.6	7,986	6.7%

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.

CITY OF LIVE OAK, TEXAS

PRINCIPAL EMPLOYERS

CURRENT YEAR AND NINE YEARS AGO (UNAUDITED)

TABLE 16

EMPLOYER	2020			EMPLOYER	2011		
	EMPLOYEES	RANK	PERCENTAGE OF TOTAL CITY EMPLOYMENT		EMPLOYEES	RANK	PERCENTAGE OF TOTAL CITY EMPLOYMENT
Lackland Air Force Base	37,000	1	3.10%	USAA	14,852	1	1.50%
Fort Sam Houston	32,000	2	2.70%	H-E-B	14,588	2	1.48%
HEB Grocery	20,000	3	1.60%	Northside ISD	13,300	3	1.35%
USAA	19,400	4	1.60%	Northeast ISD	10,522	4	1.06%
Randolph Air Force base	11,000	5	0.92%	City of San Antonio	9,145	5	0.92%
Methodist Healthcare System	9,620	6	0.81%	San Antonio ISD	7,581	6	0.77%
City of San Antonio	9,145	7	0.77%	Methodist Healthcare	7,500	7	0.76%
Baptist Health System	6,383	8	0.53%	Bill Miller Bar-B Q	4,190	8	0.42%
Wells Fargo	5,152	9	0.43%	Cullen/Frost Bankers	3,982	9	0.40%
Harland Clarke	5,000	10	0.42%	Valero Energy	3,777	10	0.38%
Totals	<u>154,700</u>		<u>12.88%</u>		<u>89,437</u>		<u>9.04%</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.

EMPLOYER	2020	
	EMPLOYEES	RANK
Randolph Brooks Federal Credit Union	1,235	1
NE Methodist Hospital	694	2
Judson ISD	362	3
NE Lakeview College	341	4
Jordan Ford	250	5
IKEA Home Furnishings	203	6
Target	200	7
Home Depot	148	8
Best Buy	150	9
World Car	<u>151</u>	10
	<u>3,734</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	2011	2012	2013
Police			
Traffic Violations	4,562	4,367	2,425
Arrests	484	534	545
Fire			
Fire Calls	596	284	373
EMS Calls	1,041	1,197	1,166
Inspections	95	239	206
Public Works			
Street Resurfacing (Miles)	0.50	0.10	-
Sidewalk Construction (Feet)	5,423	2,890	1,906
Water			
Service Connections	2,611	2,689	2,696
Average Daily Consumption in Gallons			
Pumpage	1,076,258	1,042,873	1,057,638
Billing	1,090,771	1,029,259	1,039,478
Average	1,083,514	1,036,066	1,048,558
Sewage			
Service Connections	4,435	4,550	4,589
Average Daily Treatment of Gallons	1,245,783	1,134,022	1,203,647

Source: Various City Departments

TABLE 17

2014	2015	2016	2017	2018	2019	2020
8,706	5,494	4,110	4,345	6,319	5,772	5,087
545	411	305	242	620	399	672
308	436	594	673	290	282	546
1,128	1,017	1,011	1,043	1,579	1,549	1,174
415	923	1,083	1,043	651	761	1,005
-	1.16	1.16	14.2	5.2	-	-
155	1,056	1,056	-	-	12,660	12,810
2,731	2,777	2,885	2,876	2,928	2,940	2,957
1,026,292	1,226,056	1,386,816	1,200,000	1,325,802	1,088,196	1,365,003
1,015,011	1,037,195	1,236,047	1,040,341	1,041,742	935,647	1,104,140
1,533,798	1,131,626	1,311,432	1,120,171	1,183,772	1,011,922	1,234,572
4,710	4,713	4,716	4,720	4,853	4,865	4,882
1,266,534	761,108	1,236,046	1,200,000	1,320,356	1,079,259	1,124,707

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

TABLE 18

FUNCTION	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Officers (including reserves)	35	35	38	36	35	35	35	36	36	36
Fire										
Stations	1	1	1	1	1	1	1	1	1	1
Firefighters (including reserves)	23	22	22	22	22	22	22	21	21	22
Culture and Recreation										
Community Centers	1	1	1	1	1	1	1	1	1	1
Parks	3	3	3	3	3	3	3	3	3	3
Swimming Pools	1	1	1	1	1	1	1	1	1	1
Public Works										
Miles of Streets	45.20	45.20	45.20	45.00	45.00	45.47	45.47	45.47	46.27	48.07
Water										
Miles of Water Mains	30.0	35.0	35.0	35.0	35.0	35.0	55.0	55.0	55.5	57.4
Number of Hydrants	436	436	436	436	440	440	440	497	532	537
Sewer										
Miles of Sanitary Sewers	43	43	43	43	43	43	60	60	61	63
Feet of Storm Sewers	13,400	13,400	13,400	13,400	13,400	13,400	13,400	13,400	19,400	21,577

Source: Various City Departments

CITY OF LIVE OAK, TEXAS

**FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS (UNAUDITED)**

TABLE 19

<u>FUNCTION</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
General Government										
Business Office	11	12	10	9	9	9.3	9.3	9.3	7.3	7.3
Finance	5	5	5	4	4	6	6	6	6	6
Manager	3	3	1	1	1	1	1	1	1	1
Police										
Officers	32	32	32	32	32	32	32	32	35	35
Civilians	15	15	15	15	15	18	16	16	16	16
Fire										
Civilians	1.5	1.5	1.5	1.5	1.5	1	-	-	-	-
Firefighters and Officers	20	20	20	20	20	20	20	20	21	22
Public Works	12	11	10	11	11	7	7	7	8	8
Development	3.5	3.5	3.5	3.5	3.5	4	4	4	4	4
Parks	6	7	7	6	6	6	6	6	6	6
Water and Sewer	13	13	16	16	16	13	13	13	13	13
Civic Center	<u>3</u>	<u>3</u>	<u>3.5</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Totals	<u>120.0</u>	<u>124.5</u>	<u>124.5</u>	<u>119.0</u>	<u>119.0</u>	<u>117.3</u>	<u>114.3</u>	<u>114.3</u>	<u>117.3</u>	<u>118.3</u>

Source: City Annual Budget



COMPLIANCE SECTION



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Live Oak, Texas, (the City) as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the City of Live Oak, Texas' basic financial statements, and have issued our report thereon dated February 9, 2021.

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

San Antonio, Texas

February 9, 2021