

CITY OF LIVE OAK, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED SEPTEMBER 30, 2016



Prepared by:
Finance Department
Leroy Kowalik, Director of Finance



ABIP
CERTIFIED PUBLIC ACCOUNTANTS and ADVISORS

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INTRODUCTORY SECTION

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February 14, 2017

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

Dear Mayor and Members of City Council:

The City of Live Oak, Texas is required to publish each year, a complete set of financial statements presented in conformity with Generally Accepted Accounting Principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the Comprehensive Annual Financial Report of the City of Live Oak (the City) for the fiscal year ended September 30, 2016.

This report consists of management's representations concerning the finances of the City and deems the enclosed data to be accurate in all material respects and reported in a manner designed to present fairly the financial position and results of operations of all City activities and funds. Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. The City also acknowledges all disclosures that are necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The City's financial statements have been audited by ABIP, P.C., a firm of licensed public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended September 30, 2016 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, 2016 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, 2016, the City has a land area of approximately 5.5 square miles and an estimated population of 15,346. The City is empowered to levy a property tax on both real and personal property located within its boundaries.

The City has adopted a Council-Manager form of government. Policy-making and legislative authority are vested in a governing Council that is comprised of a Mayor and five Council members. The Mayor and Council members are all elected at large for a two-year term. Elections are staggered with the Mayor and two Council Members elected together (year 2018) and the three remaining members in 2017. The City Manager is appointed by the Council and is responsible for implementing council policy and day-to-day operations of the City.

The City provides a full range of municipal services including public safety (police, fire and emergency medical services protection); residential and commercial solid waste sanitation services (through a franchise agreement with Waste Management), water and wastewater services, public improvements, repair and maintenance of infrastructure, recreational and community activities and general administrative services. Transportation, treatment and disposal of sewage are provided under separate contracts with the San Antonio River Authority, Cibolo Creek Municipal Authority and San Antonio Water System (see Note 9, Commitment and Contingencies, pages 49-50 of the notes to the financial statement). The City provides water service to most of the City, with the San Antonio Water System providing water service to the remaining portion of the City.

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

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

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

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

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

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

LOCAL ECONOMY

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

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

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

The City of Live Oak and surrounding Metrocom area had another prosperous year. Overall, the Metrocom area sustained fiscal stability throughout the struggles of the economy from 2008 through 2014. Texas and more precisely, the San Antonio area, has weathered the pitfalls of uncertainties in the economy and continued to perform better than many areas around the nation. The City enjoyed

several grand openings of retail and food establishments in 2015 and 2016 with many more to come in 2017. Northeast Lakeview College, with their Alamo University Center, continued to offer undergraduate and graduate degree programs under one roof from three major universities. The Alamo University Center establishes Live Oak as a major hub for educational opportunities. The Judson Early College Academy (JECA) offers students with an opportunity to not only earn their high school degree, but they will have also have earned an equivalent to an associate's degree as well. Students will have the ability to transfer these college credits to almost any college of choice. Northeast Lakeview College has a plan to become a major, higher education player for the region in the future with over 15,000 students. The Eagle Ford Shale development, one of the nation's biggest oil and natural gas fields, has provided a tremendous economic impact to neighboring counties that has spilled over into this area. The oil industry has dramatically declined over the last couple of years but still has a solid presence in the area.

Other economic indicators such as the unemployment rate and housing permits have remained positive in this area as compared to the national level. With the exception of an upcoming 180 home subdivision, the City's residential subdivisions are at build out. A long term nursing facility that specializes in Alzheimer's care held its grand opening in September 2016. The City also has an apartment complex under construction and should open in early 2017. Sales tax receipts throughout the past fiscal year saw higher levels than the previous fiscal year. At year end, sales tax revenue again came in above budget. Since 2015, the economy has begun the turn-around that everyone was hoping for. The positive turn in the economy could be seen on interest income, building permits (commercial) and sales tax revenue the past several years. Fiscal Year 2017 is anticipated to be another very positive year.

The City sold its Civic Center several years ago with the hopes of turning this property back to retail. Since the sale, the City has enjoyed grand openings of a 54th Street Bar and Grill, McAllister's Deli, Burger King and a Starbucks Coffee on this property. A select service Hilton Garden Inn Hotel with a conference center has also opened their doors on the property adjacent to the old Civic Center property. This facility is in full operation and doing very well. Several reservations for use of the conference center extend out to almost a year in advance. Several other retail facilities that have either been completed or in construction include: Pot Belly Sandwich Shop, Dunkin Donuts, Smoothie King, Smallcakes, Zoe's Kitchen, Mod Pizza, Urban Brick Pizza, and Raising Cane's Chicken Fingers. Upcoming projects also include La Madeleine, Randolph Brooks Federal Credit Union Building 3 and the much anticipated IKEA Live Oak and Town Center Development.

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

LONG-TERM FINANCIAL PLANNING

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

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

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

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

RELEVANT FINANCIAL POLICIES

Budgeting controls are governed by the City's Charter. Throughout the budgeting process, the City Council may make financial policies that dictate the uses and sources of funds for various needs. In the 2016 budget, Council endorsed a financial policy that would have utilized \$689,655 of reserves to be used for contingencies (\$200,000), capital or capital related purchases (\$223,555) and one-time and/or emergency expenditures (\$266,100).

MAJOR INITIATIVES

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

The City Council called for a May 2014 bond election, where three of the four bond proposals passed. Two of the approved proposals call for various street improvements throughout the City and a traffic signal at one of the City's busy intersections. The third proposal calls for lighting around the City's ball fields and a walking trail. All of these bond projects are either well underway or already completed. The Parks improvement project for the Woodcrest Park is substantially complete with some small improvements being identified for 2017. The Lookout Road rehabilitation project will begin construction in conjunction with the general streets bond project.

AWARDS AND ACKNOWLEDGEMENTS

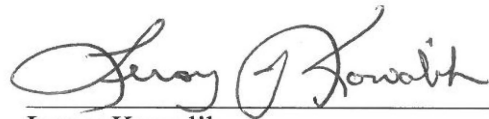
The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Live Oak for its comprehensive annual financial report (CAFR) for the fiscal year ended September 30, 2015. This was the ninth consecutive year that the City received this prestigious award. In order to be awarded a Certificate of Achievement, the government had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable legal requirements.

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

Respectfully Submitted,



Scott Wayman
City Manager



Leroy Kowalik
Director of Finance



Government Finance Officers Association

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

Presented to

**City of Live Oak
Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2015

Executive Director/CEO

**City of Live Oak
List of Elected and Appointed Officials
September 30, 2016**

Elected Officials

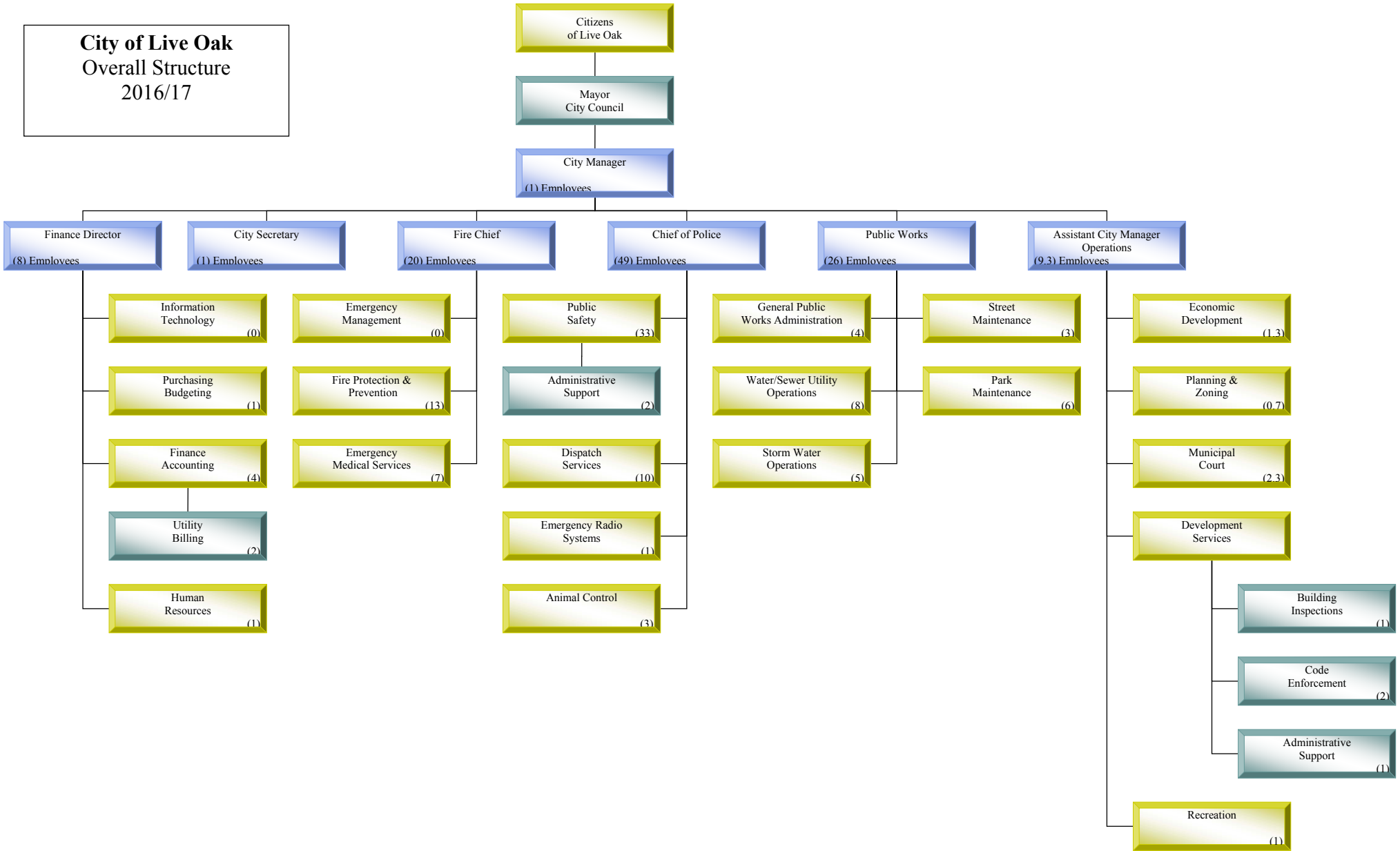
Mayor	Mary M. Dennis
Councilmember Place 1, Mayor Pro-tem	Mendell D. Morgan
Councilmember Place 2	Robert "Bob" Tullgren
Councilmember Place 3	Anthony Brooks
Councilmember Place 4	Ed Cimics
Councilmember Place 5	Aaron Dahl

Appointed Officials

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

**CITY OF LIVE OAK, TEXAS
ORGANIZATION CHART
SEPTEMBER 30, 2016**

**City of Live Oak
Overall Structure
2016/17**



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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Live Oak, Texas, (the City) as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Live Oak, Texas as of September 30, 2016, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedule of changes in net pension liability and related ratios, and schedule of contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Live Oak, Texas' basic financial statements. The introductory section, combining and individual non-major fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 14, 2017, on our consideration of the City of Live Oak, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Live Oak, Texas' internal control over financial reporting and compliance.

ABIP, PC

Certified Public Accountants
San Antonio, Texas

February 14, 2017

CITY OF LIVE OAK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2016

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, 2016. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal which can be found on pages ix-xiv of this report.

FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities at September 30, 2016 by \$21,234,956 (net position). Of this amount \$11,529,463 (unrestricted net position), may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net position decreased by \$2,999,993. A majority of this decrease is attributable to the continued expenditures related to the 2014 bond projects.
- As of September 30, 2016 the City's governmental funds reported combined ending fund balances of \$18,839,170, a decrease of \$3,390,080.
- The total debt of the City's governmental activities decreased by \$1,779,190 and business-type activities decreased from \$163,904 to \$38,904.

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 19-20 of this report.

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

Governmental Funds – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources available for current spending, as well as on balances of resources available for spending at the end of the fiscal year. Such information may be useful in evaluating a government’s near-term financing requirements.

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

The City maintains sixteen (16) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund, economic development corporation, 2014 general obligation bond fund, and the debt service fund, which are considered to be major funds. Data from the other twelve (12) governmental funds are combined into a single, aggregated presentation. Details of the twelve (12) non-major 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 21-24 of this report.

Proprietary Funds – The City charges customers for the services it provides, whether to outside customers or to other units within the City. These services are generally reported in proprietary funds. The City maintains three different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for the operation and maintenance of its water and wastewater utility, its utility development replacement and renewal funds and operation of its storm water utility. The basic proprietary fund financial statements can be found on pages 25-28 of this report.

Notes to the Basic Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 31-50 of this report.

Other Information – In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City’s progress in funding its obligation to provide pension benefits to its employees and the general fund and the economic development corporation budgetary comparisons. Required supplementary information can be found on pages 52-57 of the City’s comprehensive annual financial report.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$21,234,956 (net position). Of this amount, \$11,529,463 (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 (37%) 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 next largest portion of the City’s net position (54%) is unrestricted while approximately (9%) represents resources that are subject to external restrictions on how they may be used.

NET POSITION

	<u>GOVERNMENTAL ACTIVITIES</u>		<u>BUSINESS-TYPE ACTIVITIES</u>		<u>TOTAL</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
<u>ASSETS</u>						
Current and Other Assets	\$21,628,649	\$24,579,071	\$ 2,695,845	\$ 2,776,205	\$ 24,324,494	\$ 27,355,276
Capital Assets	<u>20,851,396</u>	<u>21,680,046</u>	<u>5,263,431</u>	<u>5,334,804</u>	<u>26,114,827</u>	<u>27,014,850</u>
Total Assets	<u>42,480,045</u>	<u>46,259,117</u>	<u>7,959,276</u>	<u>8,111,009</u>	<u>50,439,321</u>	<u>54,370,126</u>
<u>DEFERRED OUTFLOWS</u>	<u>2,642,723</u>	<u>1,235,342</u>	<u>286,233</u>	<u>114,335</u>	<u>2,928,956</u>	<u>1,349,677</u>
<u>LIABILITIES</u>						
Current Liabilities	4,015,847	3,428,937	509,691	480,804	4,525,538	3,909,741
Long-Term Liabilities	<u>26,355,496</u>	<u>26,814,337</u>	<u>796,623</u>	<u>651,120</u>	<u>27,152,119</u>	<u>27,465,457</u>
Total Liabilities	<u>30,371,343</u>	<u>30,243,274</u>	<u>1,306,314</u>	<u>1,131,924</u>	<u>31,677,657</u>	<u>31,375,198</u>
<u>DEFERRED INFLOWS</u>	<u>406,316</u>	<u>97,594</u>	<u>49,348</u>	<u>12,062</u>	<u>455,664</u>	<u>109,656</u>
<u>NET POSITION</u>						
Net Investment in Capital Assets	2,498,042	10,047,544	5,263,431	5,209,804	7,761,473	15,257,348
Restricted	1,944,020	1,884,219	-	-	1,944,020	1,884,219
Unrestricted	<u>9,903,047</u>	<u>5,221,828</u>	<u>1,626,416</u>	<u>1,871,554</u>	<u>11,529,463</u>	<u>7,093,382</u>
TOTAL NET POSITION	<u>\$14,345,109</u>	<u>\$17,153,591</u>	<u>\$ 6,889,847</u>	<u>\$ 7,081,358</u>	<u>\$ 21,234,956</u>	<u>\$ 24,234,949</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, 2016, the City's net position decreased by \$2,999,993. A majority of this decrease is attributable to the continued expenditures related to the 2014 bond projects.

The following table indicates changes in net position for the governmental and business-type activities for the City as of September 30, 2016.

CHANGES IN NET POSITION

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	2016	2015	2016	2015	2016	2015
<u>REVENUES</u>						
Program Revenues						
Charges for Services	\$ 951,050	\$ 1,084,778	\$ 3,909,460	\$ 4,102,473	\$ 4,860,510	\$ 5,187,251
Operating Grants & Contributions	32,500	77,500	-	-	32,500	77,500
Capital Grants & Contributions	-	-	-	-	-	-
General Revenues						
Property Taxes	4,816,434	4,770,375	-	-	4,816,434	4,770,375
Sales Taxes	7,742,339	7,413,737	-	-	7,742,339	7,413,737
Franchise Taxes	1,170,417	1,179,497	-	-	1,170,417	1,179,497
Beverage Taxes	112,942	101,768	-	-	112,942	101,768
Occupancy Taxes	540,765	436,420	-	-	540,765	436,420
Investment Earnings	162,719	69,873	6,410	1,105	169,129	70,978
Sale of Capital Assets	-	12,209	-	-	-	12,209
Miscellaneous	41,487	42,045	-	-	41,487	42,045
Total Revenues	<u>15,570,653</u>	<u>15,188,202</u>	<u>3,915,870</u>	<u>4,103,578</u>	<u>19,486,523</u>	<u>19,291,780</u>
<u>EXPENSES</u>						
General Government	8,380,379	5,914,432	-	-	8,380,379	5,914,432
Public Safety	6,548,599	6,716,420	-	-	6,548,599	6,716,420
Public Works	2,680,500	2,574,042	-	-	2,680,500	2,574,042
Community Services	201,719	177,765	-	-	201,719	177,765
Interest on Long-Term Debt	684,213	683,723	-	-	684,213	683,723
Water and Wastewater Utilities	-	-	3,226,920	3,284,037	3,226,920	3,284,037
Utility Development Replacement and Renewal	-	-	183,331	33,563	183,331	33,563
Storm Water Utilities	-	-	580,855	397,259	580,855	397,259
Total Expenses	<u>18,495,410</u>	<u>16,066,382</u>	<u>3,991,106</u>	<u>3,714,859</u>	<u>22,486,516</u>	<u>19,781,241</u>
Increase in Net Position before Transfers	(2,924,757)	(878,180)	(75,236)	388,719	(2,999,993)	(489,461)
<u>TRANSFERS</u>	<u>116,275</u>	<u>103,803</u>	<u>(116,275)</u>	<u>(103,803)</u>	<u>-</u>	<u>-</u>
Change in Net Position	(2,808,482)	(774,377)	(191,511)	284,916	(2,999,993)	(489,461)
<u>NET POSITION AT BEGINNING OF YEAR</u>	<u>17,153,591</u>	<u>21,655,508</u>	<u>7,081,358</u>	<u>7,259,393</u>	<u>24,234,949</u>	<u>28,914,901</u>
<u>RESTATEMENT OF NET POSITION AT BEGINNING OF YEAR</u>	<u>-</u>	<u>(3,727,540)</u>	<u>-</u>	<u>(462,951)</u>	<u>-</u>	<u>(4,190,491)</u>
<u>NET POSITION - BEGINNING, AS RESTATED</u>	<u>17,153,591</u>	<u>17,927,968</u>	<u>7,081,358</u>	<u>6,796,442</u>	<u>24,234,949</u>	<u>24,724,410</u>
NET POSITION - ENDING	<u>\$ 14,345,109</u>	<u>\$ 17,153,591</u>	<u>\$ 6,889,847</u>	<u>\$ 7,081,358</u>	<u>\$ 21,234,956</u>	<u>\$ 24,234,949</u>

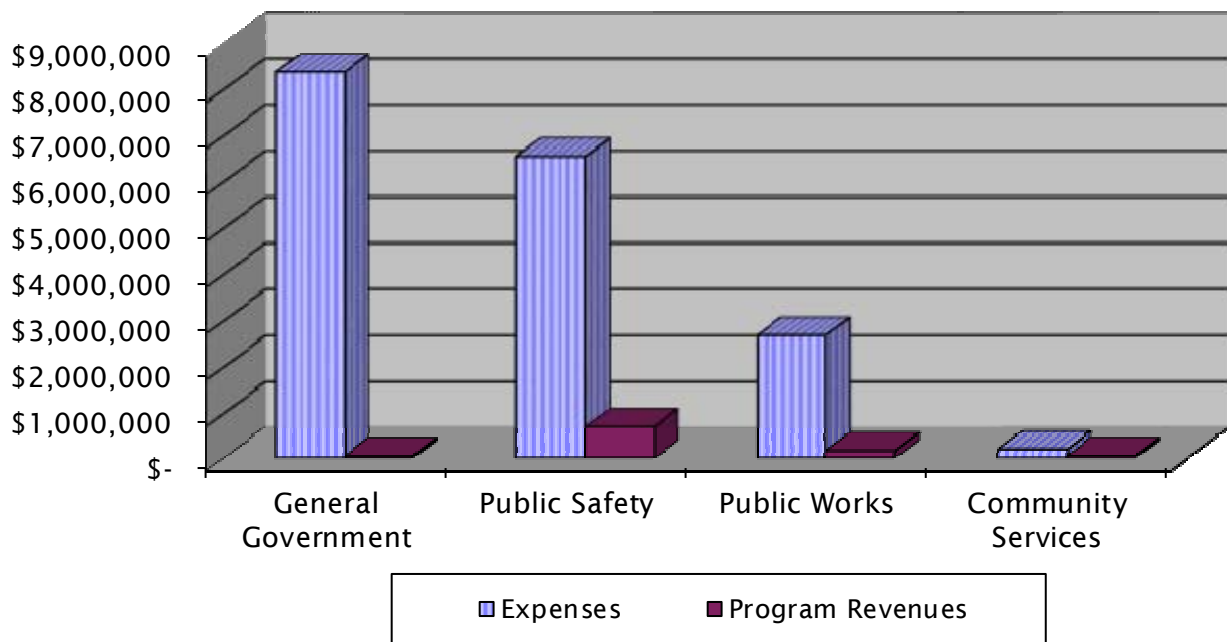
Governmental Activities - Governmental activities decreased the City's net position by \$2,808,482.

Key elements are as follows:

- Expenses for General Government increased by \$2,454,547
- Expenses for Public Safety decreased by \$167,821
- Expenses for Public Works increased by \$106,458
- Expenses for Community Services increased by \$23,944
- Property Taxes increased by \$46,059
- Sales taxes increased by \$328,602
- Occupancy taxes increase by \$104,345
- Investment earnings increased by \$92,846

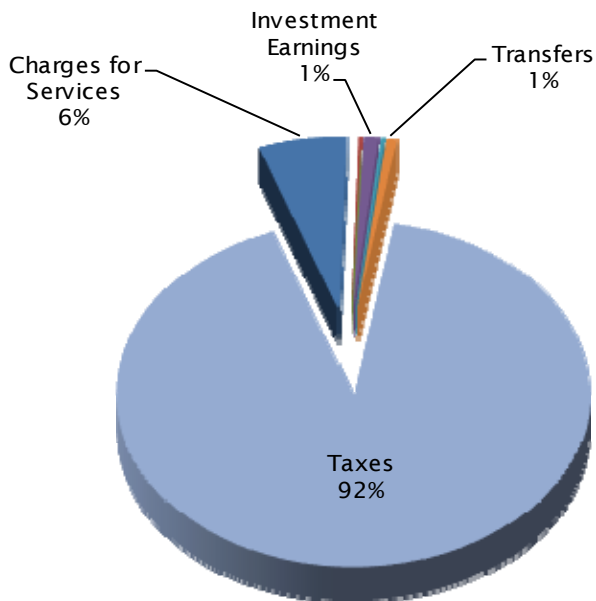
Below is a chart which depicts the expenses and program revenues for all governmental activities.

EXPENSES AND PROGRAM REVENUES - GOVERNMENTAL ACTIVITIES

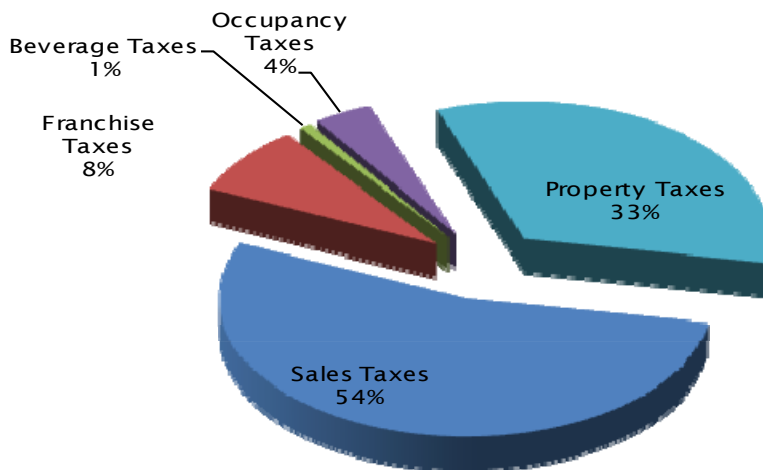


The following charts show first the revenues by source and second the tax revenue by source for all governmental activities.

REVENUES BY SOURCE - GOVERNMENTAL ACTIVITIES



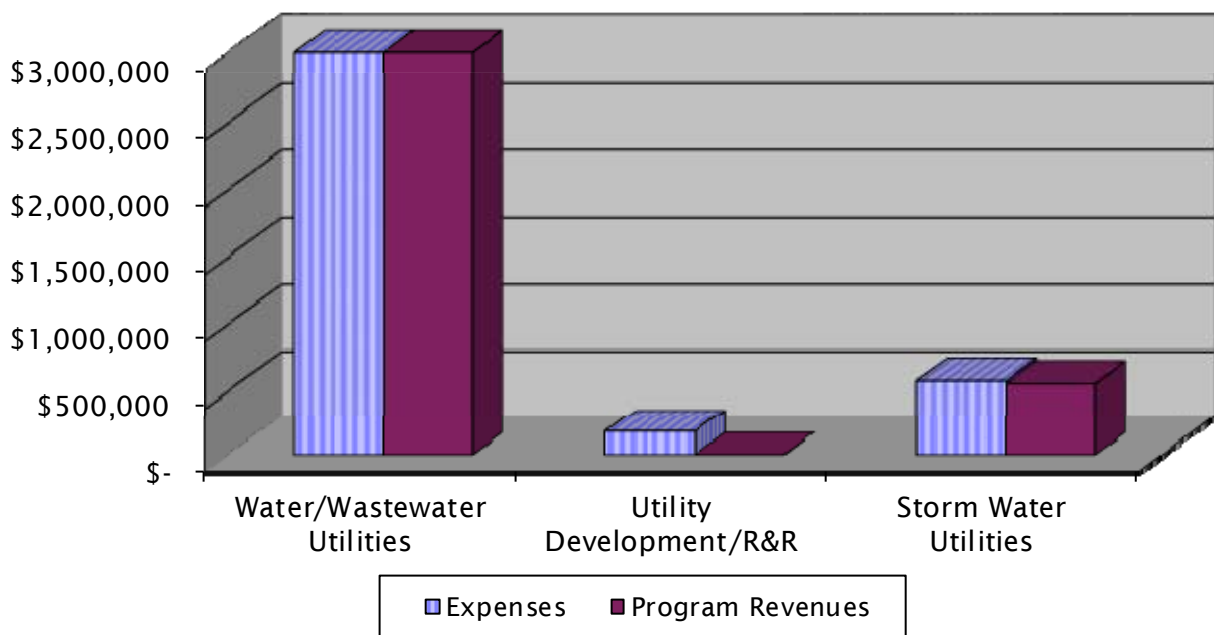
TAX REVENUE BY SOURCE - GOVERNMENTAL ACTIVITIES



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 \$(191,511). This decrease was due primarily to an increase in expenses for repairs and maintenance in the Storm Water Utility Fund and an increase in repair costs in the Utility Development Replacement and Renewal Fund. 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.

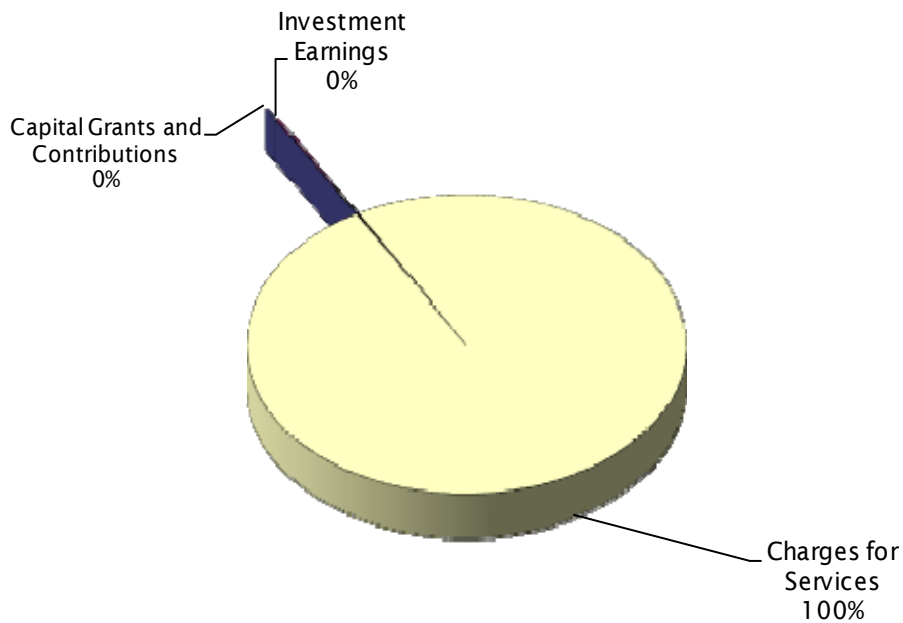
EXPENSES AND PROGRAM REVENUES – BUSINESS-TYPE ACTIVITIES



The revenues in the current fiscal year for the business-type activities decreased by \$187,708 from 2015. The total expenditures for the business-type activities increased by \$276,247 from 2015. The primary reason for the decrease in revenues is attributable to a decrease in application and connection fees. The primary reason for the increase in expenditures from 2015 was attributable to an increase in expenses for repairs and maintenance in the Storm Water Utility Fund and an increase in repair costs in the Utility Development Replacement and Renewal Fund.

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 \$18,839,170, a decrease of approximately \$3,390,080 from the prior year. This decrease is due primarily to the continued expenditures related to the 2014 bond projects. \$8,617,515 (45.74%) of the ending fund balance is unassigned, which is available for spending at the City's discretion. The remaining amount of \$10,221,655 (54.26%) is nonspendable, restricted or committed for specific purposes and not available for new spending.

The City's general fund is the chief operating fund of the City and is used to account for all financial resources except those required to be accounted for by another fund. Property and sales taxes provide the major source of income. At the end of the current fiscal year, the unassigned fund balance portion of the general fund was \$8,617,515 compared to \$7,536,197 in 2015, an increase of \$1,081,318. This increase was primarily attributable to an increase in property and sales tax revenue and budget savings due to personnel vacancies and minor departmental reorganizations. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures.

The Economic Development Corporation Fund is used to account for the receipt and disbursement of Section 4B sales tax. At the end of the current fiscal year, the committed fund balance in this fund was \$2,162,177, an increase of \$460,855. This increase was a result of an increase in sales tax revenue.

The 2014 general obligation bond fund is used to account for the issuance of bonds and the costs of construction. At the end of the current fiscal year, the restricted fund balance in this fund was \$3,213,171, a decrease of \$5,142,620 from fiscal year 2015 was due to continued spending on construction projects.

The debt service fund had a total restricted fund balance of \$364,915 at the end of the current fiscal year. The total fund balance is restricted for the payment of debt service. The net increase was \$13,848 in fund balance from 2015 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 \$1,626,416 or 41% of annual operating and non-operating expenses for the funds.

BUDGETARY HIGHLIGHTS

General Fund – Differences between the original budget and the final amended budget amounted to no overall net change in fund balance; although there was one approved budget amendment during the 2016 fiscal year. The primary changes were as follows:

- \$ 30,000 - Decrease to Animal Control Building Improvements
- \$ 20,000 - Decrease to Parks Maintenance Turf Maintenance
- \$ 75,000 - Decrease to Leisure Services Improvements
- \$ 125,000 - Increase to Transfer to Capital Projects Fund

During the year, revenues were more than budgetary estimates by \$384,128 and expenditures were less than budgetary estimates by \$1,450,258.

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

- \$384,128 over budget in total revenues
 - Property Taxes - exceeded budget by \$29,011 due to final changes to protested assessed values.
 - Sales Tax - exceeded budget by \$371,136 due to a better than anticipated economic environment and growth.
 - Franchise Taxes - exceeded budget by \$187,199 due to better than expected growth recognized throughout the City.
 - Fines and Fees - were less than budget by \$70,044 due in part to less citations issued.
 - Permits and Fees - were less than budget by \$156,591 due to some of the larger developments not progressing as quickly as anticipated during budget time.
 - Miscellaneous - exceeded budget by \$33,651.

- \$1,450,258 under budget in total expenditures
 - General Government:
 - Council - did not utilize the contingency budget.
 - City Secretary - professional fees came in lower than anticipated.
 - Finance - primarily due to professional fees coming in lower than expected.
 - Information Technology - reorganized the structure of this department.
 - Development Services - primarily due to some larger developments not progressing as quickly as anticipated.
 - Public Safety - primarily due to personnel vacancies and change of management in the police department.
 - Public Works - primarily due to personnel vacancies, lower than anticipated petroleum and utility costs, unspent emergency contingencies in streets and public works and other various savings.

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, 2016 amounted to \$26,114,827 (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 2.9%.

At the end of fiscal year 2016, the City had invested in a broad range of capital assets, including police equipment, information technology, and streets and utilities. During the year, capital additions occurred in the water rights, building and improvements, streets and improvements and machinery and equipment categories. The City increased its construction in progress.

The following table shows capital asset activity for the 2016 fiscal year with comparison for 2015. If more detailed information is desired on the City's capital asset activity, please refer to Note 5 (pages 40-41) as presented in the notes to the financial statements.

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	2016	2015	2016	2015	2016	2015
<u>Capital Assets - Not Depreciated</u>						
Land	\$ 1,206,394	\$ 1,206,394	\$ 8,770	\$ 8,770	\$ 1,215,164	\$ 1,215,164
Water Rights	647,021	647,021	862,214	717,891	1,509,235	1,364,912
Construction in Progress	252,716	155,889	-	-	252,716	155,889
Total Capital Assets - not Depreciated	<u>2,106,131</u>	<u>2,009,304</u>	<u>870,984</u>	<u>726,661</u>	<u>2,977,115</u>	<u>2,735,965</u>
<u>Capital Assets - Depreciated</u>						
Buildings and Improvements	13,527,859	13,527,859	-	-	13,527,859	13,527,859
Streets and Improvements	14,136,305	14,000,214	-	-	14,136,305	14,000,214
Machinery and Equipment	7,367,246	7,032,843	1,717,878	1,596,661	9,085,124	8,629,504
Water and Wastewater System	-	-	9,800,082	9,800,082	9,800,082	9,800,082
Total Capital Assets - Depreciated	<u>35,031,410</u>	<u>34,560,916</u>	<u>11,517,960</u>	<u>11,396,743</u>	<u>46,549,370</u>	<u>45,957,659</u>
Less: Accumulated Depreciation	<u>(16,286,145)</u>	<u>(14,890,174)</u>	<u>(7,125,513)</u>	<u>(6,788,600)</u>	<u>(23,411,658)</u>	<u>(21,678,774)</u>
CAPITAL ASSETS - NET	<u>\$ 20,851,396</u>	<u>\$ 21,680,046</u>	<u>\$ 5,263,431</u>	<u>\$ 5,334,804</u>	<u>\$ 26,114,827</u>	<u>\$ 27,014,850</u>

Long-Term Debt – At the end of the current fiscal year, the City had total bonded debt outstanding of \$20,020,000. This amount is backed by the full faith and credit of the City. The City's total debt decreased approximately \$1,750,000, or 8%, during the fiscal year.

	2016	2015
Certificates of Obligation, Series 2005	\$ 265,000	\$ 520,000
General Obligation Refunding Bonds, Series 2010	2,005,000	2,305,000
Tax Notes, Series 2012	160,000	365,000
General Obligation and Refunding Bonds, Series 2014	17,590,000	18,580,000

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

More detailed information about the City's long-term liabilities is presented in Note 7 (pages 42-43) of the notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City's elected and appointed officials considered many factors when setting the fiscal year 2016 budget, tax rates, and fees that will be charged for the business-type activities. One of the most significant factors continues to be the City's recent revenue trends. The City's general fund revenue is primarily made up of property taxes, sales taxes, and franchise fees. Telephone and electric franchise fees went up in 2014 and stabilize somewhat in 2015 and again in 2016. Sales tax revenues made up the biggest increase in primary revenue in 2015, which is reflective of a strong economy and some substantial commercial growth. This was followed by a solid 4.4% increase in 2016. Sales tax will continually be 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 2016 was \$0.467691 per \$100 valuation, a decrease of \$0.042309 from 2015. Of this tax rate, \$0.330927 is utilized for general fund activities. The remaining amount of \$0.136764 is used for debt service. The rate for fiscal year 2016 was the effective tax rate. The City's portion of the sales tax rate is one and one-half cents, with an additional half cent for economic development. The general fund receives one and one-half cent with a half cent as an instrument of property tax reduction.

The City of Live Oak and surrounding Metrocom area had another prosperous year. Overall, the Metrocom area sustained fiscal stability throughout the struggles of the economy from 2008 through 2014. Texas and more precisely, the San Antonio area, has weathered the pitfalls of uncertainties in the economy and continued to perform better than many areas around the nation. The City enjoyed several grand openings of retail and food establishments in 2015 and 2016 with many more to come in 2017. Northeast Lakeview College, with their Alamo University Center, continued to offer undergraduate and graduate degree programs under one roof from three major universities. The Alamo University Center establishes Live Oak as a major hub for educational opportunities. The Judson Early College Academy (JECA) offers students with an opportunity to not only earn their high school degree, but they will have also have earned an equivalent to an associate's degree as well. Students will have the ability to transfer these college credits to almost any college of choice. Northeast Lakeview College has a plan to become a major, higher education player for the region in the future with over 15,000 students. The Eagle Ford Shale development, one of the nation's biggest oil and natural gas fields, has provided a tremendous economic impact to neighboring counties that has spilled over into this area. The oil industry has dramatically declined over the last couple of years but still has a solid presence in the area.

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

REQUESTS FOR INFORMATION

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

BASIC FINANCIAL STATEMENTS

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

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

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

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CITY OF LIVE OAK, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2016

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Cash and Cash Equivalents	\$ 10,295,448	\$ 2,147,099	\$ 12,442,547
Investments	9,385,824	-	9,385,824
Receivables - Net of Allowances for Uncollectibles:			
Taxes	1,904,417	-	1,904,417
Customer Accounts	-	508,700	508,700
Due from Other Governments	7,680	40,046	47,726
Prepaid Items	18,929	-	18,929
Accrued Interest	16,351	-	16,351
Capital Assets			
Land	1,206,394	8,770	1,215,164
Water Rights	647,021	862,214	1,509,235
Buildings and Improvements	13,527,859	-	13,527,859
Streets and Improvements	14,136,305	-	14,136,305
Machinery and Equipment	7,367,246	1,717,878	9,085,124
Water and Wastewater System	-	9,800,082	9,800,082
Construction in Progress	252,716	-	252,716
Less: Accumulated Depreciation	<u>(16,286,145)</u>	<u>(7,125,513)</u>	<u>(23,411,658)</u>
TOTAL ASSETS	<u>42,480,045</u>	<u>7,959,276</u>	<u>50,439,321</u>
DEFERRED OUTFLOW OF RESOURCES			
Deferred Outflows Related to Pension	2,446,731	286,233	2,732,964
Deferred Charge on Bond Refunding	<u>195,992</u>	<u>-</u>	<u>195,992</u>
TOTAL DEFERRED OUTFLOW OF RESOURCES	<u>2,642,723</u>	<u>286,233</u>	<u>2,928,956</u>
LIABILITIES			
Accounts Payable	1,859,407	362,891	2,222,298
Accrued Liabilities	85,233	11,466	96,699
Unearned Revenue	169,631	-	169,631
Customer Deposits	-	125,608	125,608
Accrued Interest Payable	121,394	-	121,394
Noncurrent Liabilities			
Due Within One Year	1,780,182	9,726	1,789,908
Due in More than One Year	20,036,650	29,178	20,065,828
Net Pension Liability	<u>6,318,846</u>	<u>767,445</u>	<u>7,086,291</u>
Total Liabilities	<u>30,371,343</u>	<u>1,306,314</u>	<u>31,677,657</u>
DEFERRED INFLOW OF RESOURCES			
Deferred Inflows Related to Pension	<u>406,316</u>	<u>49,348</u>	<u>455,664</u>
NET POSITION			
Net Investment in Capital Assets	2,498,042	5,263,431	7,761,473
Restricted			
Weed Abatement	13,523	-	13,523
Hotel Occupancy	980,050	-	980,050
Court Security and Technology	163,023	-	163,023
Forfeiture	67,738	-	67,738
Child Safety	77,818	-	77,818
Emergency Radio System	91,707	-	91,707
Public Education	185,246	-	185,246
Debt Service	364,915	-	364,915
Unrestricted	<u>9,903,047</u>	<u>1,626,416</u>	<u>11,529,463</u>
Total Net Position	<u>\$ 14,345,109</u>	<u>\$ 6,889,847</u>	<u>\$ 21,234,956</u>

CITY OF LIVE OAK, TEXAS
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2016

FUNCTIONS AND PROGRAMS	EXPENSES	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Governmental Activities							
General Government	\$ 8,380,379	\$ 53,086	\$ -	\$ -	\$ (8,327,293)	\$ -	\$ (8,327,293)
Public Safety	6,548,599	672,712	32,500	-	(5,843,387)	-	(5,843,387)
Public Works	2,680,500	167,563	-	-	(2,512,937)	-	(2,512,937)
Community Services	201,719	57,689	-	-	(144,030)	-	(144,030)
Interest on Long-Term Debt	684,213	-	-	-	(684,213)	-	(684,213)
Total Governmental Activities	18,495,410	951,050	32,500	-	(17,511,860)	-	(17,511,860)
Business-Type Activities							
Water and Wastewater Utilities	3,226,920	3,351,518	-	-	-	124,598	124,598
Utility Development							
Replacement and Renewal	183,331	-	-	-	-	(183,331)	(183,331)
Storm Water Fund	580,855	557,942	-	-	-	(22,913)	(22,913)
Total Business-Type Activities	3,991,106	3,909,460	-	-	-	(81,646)	(81,646)
Total Government	\$ 22,486,516	\$ 4,860,510	\$ 32,500	\$ -	(17,511,860)	(81,646)	(17,593,506)
General Revenues							
Taxes:							
Property Taxes					4,816,434	-	4,816,434
Sales Taxes					7,742,339	-	7,742,339
Franchise Taxes					1,170,417	-	1,170,417
Beverage Taxes					112,942	-	112,942
Occupancy Tax					540,765	-	540,765
Investment Earnings					162,719	6,410	169,129
Sale of Capital Assets					-	-	-
Miscellaneous					41,487	-	41,487
Transfers					116,275	(116,275)	-
Total General Revenues and Transfers					14,703,378	(109,865)	14,593,513
Change in Net Position					(2,808,482)	(191,511)	(2,999,993)
Net Position at Beginning of Year					17,153,591	7,081,358	24,234,949
NET POSITION AT END OF YEAR					\$ 14,345,109	\$ 6,889,847	\$ 21,234,956

CITY OF LIVE OAK, TEXAS
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2016

	GENERAL	ECONOMIC DEVELOPMENT CORPORATION	2014 GENERAL OBLIGATION BOND FUND	DEBT SERVICE FUND	OTHER NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS						
Cash and Cash Equivalents	\$ 2,389,155	\$ 769,418	\$ 4,185,839	\$ 364,584	\$ 2,586,452	\$ 10,295,448
Investments	8,136,359	1,249,465	-	-	-	9,385,824
Receivables - Net of Allowances for Uncollectibles						
Property Taxes	21,393	-	-	6,556	-	27,949
Sales Taxes	973,053	314,786	-	-	-	1,287,839
Other	408,060	-	-	-	180,569	588,629
Due from Other Governments	849	-	-	331	6,500	7,680
Due from Other Funds	45,000	-	-	-	-	45,000
Accrued Interest	17,290	1,639	-	-	-	18,929
Prepaid Items	15,458	893	-	-	-	16,351
TOTAL ASSETS	\$ 12,006,617	\$ 2,336,201	\$ 4,185,839	\$ 371,471	\$ 2,773,521	\$ 21,673,649
LIABILITIES						
Accounts Payable	\$ 660,549	\$ 5,487	\$ 972,668	\$ -	\$ 220,703	\$ 1,859,407
Accrued Liabilities	84,101	1,094	-	-	38	85,233
Due to Other Funds	-	-	-	-	45,000	45,000
Unearned Revenue	3,081	166,550	-	-	-	169,631
Total Liabilities	747,731	173,131	972,668	-	265,741	2,159,271
DEFERRED INFLOWS OF RESOURCES						
Unearned Revenue - Taxes	668,652	-	-	6,556	-	675,208
FUND BALANCES						
Nonspendable						
Prepaid Items	15,458	893	-	-	-	16,351
Restricted						
Special Revenue Funds	-	-	-	-	1,579,102	1,579,102
Weed Abatement	13,523	-	-	-	-	13,523
Debt Service	-	-	-	364,915	-	364,915
Capital Projects Funds	-	-	3,213,171	-	-	3,213,171
Committed						
Asset Replacement	1,943,738	-	-	-	-	1,943,738
Economic Development	-	2,162,177	-	-	-	2,162,177
Capital Projects Funds	-	-	-	-	928,678	928,678
Unassigned	8,617,515	-	-	-	-	8,617,515
Total Fund Balances	10,590,234	2,163,070	3,213,171	364,915	2,507,780	18,839,170
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 12,006,617	\$ 2,336,201	\$ 4,185,839	\$ 371,471	\$ 2,773,521	\$ 21,673,649

CITY OF LIVE OAK, TEXAS
RECONCILIATION OF BALANCE SHEET
GOVERNMENTAL FUNDS TO STATEMENT OF NET POSITION
SEPTEMBER 30, 2016

<u>TOTAL FUND BALANCES - GOVERNMENTAL FUNDS</u>		\$ 18,839,170
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		20,851,396
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.		3,121,939
Other long-term liabilities are not due and payable in the current period expenditures and, therefore, are deferred in the funds.		(406,316)
<p>Long-term liabilities are not due and payable in the current period and therefore, not reported in the funds:</p>		
Bonds Payable	\$ (20,020,000)	
Premium on Bonds Sold	(1,546,525)	
Compensated Absences	(250,307)	
Accrued Interest on Bonds	(121,394)	
Loss on Refunding	195,992	
Pension Benefit Obligation	<u>(6,318,846)</u>	<u>(28,061,080)</u>
 TOTAL NET POSITION OF GOVERNMENTAL ACTIVITIES		 <u>\$ 14,345,109</u>

CITY OF LIVE OAK, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2016

	GENERAL	ECONOMIC DEVELOPMENT CORPORATION	2014 GENERAL OBLIGATION BOND FUND	DEBT SERVICE FUND	OTHER NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES						
Property Taxes	\$ 3,581,341	\$ -	\$ -	\$ 1,424,835	\$ -	\$ 5,006,176
Sales Taxes	5,806,754	1,935,585	-	-	-	7,742,339
Franchise Taxes	1,129,199	-	-	-	41,218	1,170,417
Beverage Taxes	112,942	-	-	-	-	112,942
Occupancy Taxes	-	-	-	-	540,765	540,765
Fines and Fees	370,956	-	-	-	95,807	466,763
Permits and Fees	220,009	-	-	-	-	220,009
Service Fees	95,702	-	-	-	38,576	134,278
Intergovernmental	130,000	-	-	-	32,500	162,500
Investment Earnings	81,572	10,564	18,551	2,528	6,333	119,548
Miscellaneous	84,651	-	-	-	7	84,658
Total Revenues	<u>11,613,126</u>	<u>1,946,149</u>	<u>18,551</u>	<u>1,427,363</u>	<u>755,206</u>	<u>15,760,395</u>
EXPENDITURES						
Current						
General Government	2,154,111	238,858	4,928,253	-	773,275	8,094,497
Public Safety	5,768,256	-	-	-	130,645	5,898,901
Public Works	1,830,893	-	-	-	2,629	1,833,522
Community Services	201,719	-	-	-	-	201,719
Debt Service						
Principal	-	-	-	1,625,000	-	1,625,000
Interest and Fiscal Charges	-	-	-	782,038	-	782,038
Capital Outlay	598,155	-	232,918	-	-	831,073
Total Expenditures	<u>10,553,134</u>	<u>238,858</u>	<u>5,161,171</u>	<u>2,407,038</u>	<u>906,549</u>	<u>19,266,750</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,059,992</u>	<u>1,707,291</u>	<u>(5,142,620)</u>	<u>(979,675)</u>	<u>(151,343)</u>	<u>(3,506,355)</u>
OTHER FINANCING SOURCES (USES)						
Transfers In	493,605	-	-	993,523	405,972	1,893,100
Transfers Out	(503,752)	(1,246,573)	-	-	(26,500)	(1,776,825)
Total Other Financing Sources (Uses)	<u>(10,147)</u>	<u>(1,246,573)</u>	<u>-</u>	<u>993,523</u>	<u>379,472</u>	<u>116,275</u>
Net Change in Fund Balance	1,049,845	460,718	(5,142,620)	13,848	228,129	(3,390,080)
FUND BALANCES AT BEGINNING OF YEAR						
	<u>9,540,389</u>	<u>1,702,352</u>	<u>8,355,791</u>	<u>351,067</u>	<u>2,279,651</u>	<u>22,229,250</u>
FUND BALANCES AT END OF YEAR						
	<u>\$ 10,590,234</u>	<u>\$ 2,163,070</u>	<u>\$ 3,213,171</u>	<u>\$ 364,915</u>	<u>\$ 2,507,780</u>	<u>\$ 18,839,170</u>

CITY OF LIVE OAK, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
- GOVERNMENTAL FUNDS TO CHANGE IN STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2016

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS \$ (3,390,080)

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

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

Current Year Additions	\$ 831,073	
Current Period Depreciation	<u>(1,659,723)</u>	(828,650)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (189,742)

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		1,735,182
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Loss on Refunding	(21,268)	
Compensated Absences	44,008	
Accrued Interest	8,911	
Net Pension Liability	<u>(166,843)</u>	<u>(135,192)</u>

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ (2,808,482)

CITY OF LIVE OAK, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2016

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			
	MAJOR FUND	MAJOR FUND	NONMAJOR FUND	TOTAL
	WATER AND WASTEWATER UTILITIES	STORM WATER FUND	UTILITY DEVELOPMENT REPLACEMENT AND RENEWAL	
<u>ASSETS</u>				
<u>CURRENT ASSETS</u>				
Cash and Cash Equivalents	\$ 719,863	\$ 462,040	\$ 965,196	\$ 2,147,099
Accounts Receivable, Net of Allowance				
Customer Accounts	438,151	70,281	-	508,432
Prepaid Expenses	268	-	-	268
Due from Other Governments	30,250	9,796	-	40,046
Total Current Assets	<u>1,188,532</u>	<u>542,117</u>	<u>965,196</u>	<u>2,695,845</u>
<u>NONCURRENT ASSETS</u>				
Capital Assets				
Land	8,770	-	-	8,770
Water Rights	862,214	-	-	862,214
Machinery and Equipment	1,512,667	205,211	-	1,717,878
Water and Wastewater System	9,800,082	-	-	9,800,082
Less: Accumulated Depreciation	(7,034,722)	(90,791)	-	(7,125,513)
Total Noncurrent Assets	<u>5,149,011</u>	<u>114,420</u>	<u>-</u>	<u>5,263,431</u>
Total Assets	<u>6,337,543</u>	<u>656,537</u>	<u>965,196</u>	<u>7,959,276</u>
<u>DEFERRED OUTFLOW OF RESOURCES</u>				
Deferred Outflow - Pension	202,187	84,046	-	286,233
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 6,539,730</u>	<u>\$ 740,583</u>	<u>\$ 965,196</u>	<u>\$ 8,245,509</u>
<u>LIABILITIES AND NET POSITION</u>				
<u>CURRENT LIABILITIES</u>				
Accounts Payable	\$ 287,617	\$ 23,425	\$ 51,849	\$ 362,891
Accrued Liabilities	7,532	3,934	-	11,466
Customer Deposits	125,608	-	-	125,608
Compensated Absences	7,671	2,055	-	9,726
Total Current Liabilities	<u>428,428</u>	<u>29,414</u>	<u>51,849</u>	<u>509,691</u>
<u>NONCURRENT LIABILITIES</u>				
Pension Benefit Liability	542,101	225,344	-	767,445
Compensated Absences	23,014	6,164	-	29,178
Total Noncurrent Liabilities	<u>565,115</u>	<u>231,508</u>	<u>-</u>	<u>796,623</u>
Total Liabilities	<u>993,543</u>	<u>260,922</u>	<u>51,849</u>	<u>1,306,314</u>
<u>DEFERRED INFLOW OF RESOURCES</u>				
Deferred Inflow - Pension	34,858	14,490	-	49,348
<u>NET POSITION</u>				
Net Investment in Capital Assets	5,149,011	114,420	-	5,263,431
Unrestricted	362,318	350,751	913,347	1,626,416
Total Net Position	<u>5,511,329</u>	<u>465,171</u>	<u>913,347</u>	<u>6,889,847</u>
TOTAL LIABILITIES, DEFERRED INFLOW, AND NET POSITION	<u>\$ 6,539,730</u>	<u>\$ 740,583</u>	<u>\$ 965,196</u>	<u>\$ 8,245,509</u>

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

CITY OF LIVE OAK, TEXAS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2016

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			TOTAL
	MAJOR FUND	MAJOR FUND	NONMAJOR FUND	
	WATER AND WASTEWATER UTILITIES	STORM WATER FUND	UTILITY DEVELOPMENT REPLACEMENT AND RENEWAL	
<u>OPERATING REVENUES</u>				
Water and Sewer Sales	\$ 2,674,903	\$ -	\$ -	\$ 2,674,903
Garbage Collection	587,680	-	-	587,680
Application and Connection Fees	41,819	-	-	41,819
Penalties and Fines	38,815	-	-	38,815
Miscellaneous Income	8,301	-	-	8,301
Stormwater Utility Fee	-	557,942	-	557,942
Total Operating Revenues	<u>3,351,518</u>	<u>557,942</u>	<u>-</u>	<u>3,909,460</u>
<u>OPERATING EXPENSES</u>				
Personnel	782,978	282,770	-	1,065,748
Supplies	131,784	28,013	5,120	164,917
Conferences and Training	6,402	-	-	6,402
Repairs and Maintenance	22,793	174,587	173,015	370,395
Utilities and Telephone	155,728	2,798	5,196	163,722
Insurance	12,443	-	-	12,443
Service Administration	30,290	60,370	-	90,660
Service Operating	1,769,467	-	-	1,769,467
Miscellaneous	58	1,273	-	1,331
Depreciation	313,368	31,044	-	344,412
Total Operating Expenses	<u>3,225,311</u>	<u>580,855</u>	<u>183,331</u>	<u>3,989,497</u>
Operating Income (Loss)	<u>126,207</u>	<u>(22,913)</u>	<u>(183,331)</u>	<u>(80,037)</u>
<u>NONOPERATING REVENUES (EXPENSES)</u>				
Investment Expense	(1,609)	-	-	(1,609)
Investment Earnings	2,369	1,709	2,332	6,410
Total Nonoperating Revenues (Expenses)	<u>760</u>	<u>1,709</u>	<u>2,332</u>	<u>4,801</u>
Net Income (Loss) before Transfers	126,967	(21,204)	(180,999)	(75,236)
Transfer In	395,529	13,620	290,000	699,149
Transfer Out	(582,850)	(117,477)	(115,097)	(815,424)
Change in Net Position	(60,354)	(125,061)	(6,096)	(191,511)
<u>NET POSITION AT BEGINNING OF YEAR</u>	<u>5,571,683</u>	<u>590,232</u>	<u>919,443</u>	<u>7,081,358</u>
NET POSITION AT END OF YEAR	<u>\$ 5,511,329</u>	<u>\$ 465,171</u>	<u>\$ 913,347</u>	<u>\$ 6,889,847</u>

CITY OF LIVE OAK, TEXAS
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2016

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			TOTAL
	MAJOR FUND	MAJOR FUND	NONMAJOR FUND	
	WATER AND WASTEWATER UTILITIES	STORM WATER FUND	UTILITY DEVELOPMENT REPLACEMENT AND RENEWAL	
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>				
Cash Received from Customers and Users	\$ 3,347,141	\$ 551,371	\$ -	\$ 3,898,512
Cash Paid to Employees for Services	(751,699)	(311,407)	-	(1,063,106)
Cash Paid to Supplier for Goods and Services	(2,001,438)	(263,228)	(153,643)	(2,418,309)
Net Cash Provided by (Used in)				
Operating Activities	<u>594,004</u>	<u>(23,264)</u>	<u>(153,643)</u>	<u>417,097</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED</u>				
<u>FINANCING ACTIVITIES</u>				
Principal Paid on Tax Notes	(125,000)	-	-	(125,000)
Interest Paid on Tax Notes	(1,609)	-	-	(1,609)
Purchase/Construction of Capital Assets	(259,419)	(13,620)	-	(273,039)
Net Cash Provided by (Used in) Noncapital				
Financing Activities	<u>(386,028)</u>	<u>(13,620)</u>	<u>-</u>	<u>(399,648)</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>				
Transfers from Other Funds	395,557	14,094	290,000	699,651
Transfers to Other Funds	(582,850)	(117,477)	(115,097)	(815,424)
Net Cash Provided by (Used in) Noncapital				
Financing Activities	<u>(187,293)</u>	<u>(103,383)</u>	<u>174,903</u>	<u>(115,773)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>				
Interest and Investment Earnings	<u>2,369</u>	<u>1,709</u>	<u>2,332</u>	<u>6,410</u>
Net Increase (Decrease) in Cash and Cash Equivalents	23,052	(138,558)	23,592	(91,914)
<u>CASH AND CASH EQUIVALENTS - BEGINNING</u>	<u>696,811</u>	<u>600,598</u>	<u>941,604</u>	<u>2,239,013</u>
CASH AND CASH EQUIVALENTS - ENDING	<u>\$ 719,863</u>	<u>\$ 462,040</u>	<u>\$ 965,196</u>	<u>\$ 2,147,099</u>

(CONTINUED)

CITY OF LIVE OAK, TEXAS
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2016

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			TOTAL
	MAJOR FUND	MAJOR FUND	NONMAJOR FUND	
	WATER AND WASTEWATER UTILITIES	STORM WATER FUND	UTILITY DEVELOPMENT REPLACEMENT AND RENEWAL	
<u>RECONCILIATION OF OPERATING INCOME TO NET</u>				
<u>CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</u>				
Operating Income (Loss)	\$ 126,207	\$ (22,913)	\$ (183,331)	\$ (80,037)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities				
Depreciation	313,368	31,044	-	344,412
Changes in Assets and Liabilities				
Decrease (Increase) in Assets				
Customer Receivable	(5,217)	(6,571)	-	(11,788)
Prepaid Expense	(268)	-	-	(268)
Increase (Decrease) in Liabilities				
Accounts Payable and Accrued Liabilities	122,086	1,273	29,688	153,047
Customer Deposits	840	2,055	-	2,895
Net Pension Liability	36,988	(26,097)	-	10,891
Compensated Absences	-	(2,055)	-	(2,055)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>\$ 594,004</u>	<u>\$ (23,264)</u>	<u>\$ (153,643)</u>	<u>\$ 417,097</u>

SCHEDULE OF NONCASH CAPITAL ACTIVITIES

Actuarially Determined Change in Net Pension Liability	\$ 100,851	\$ -	\$ 33,761	\$ 134,612
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NOTES TO BASIC FINANCIAL STATEMENTS

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CITY OF LIVE OAK, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

The governmental reporting entity consists of the City and its component unit. Blended component units, although legally separate entities, are, in substance, part of the government's operations, and data from these units are combined with the data of the primary government. Discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the government. The City has one blended component unit with a September 30 fiscal year end. The City has no discretely presented component units.

Blended Component Unit

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

B. Government-Wide Fund Financial Statements

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

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

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

CITY OF LIVE OAK, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

The City has the following major governmental funds:

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

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

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

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

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

The City reports the following major proprietary funds:

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

CITY OF LIVE OAK, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

D. Cash and Cash Equivalents

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

E. Investments

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

CITY OF LIVE OAK, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Investments (Continued)

Investments are stated at fair value and categorized by using the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in the active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. All of the City's investments carried at fair value are valued using quoted market prices (Level 1 inputs).

F. Receivables and Payables

All trade and property tax receivables are shown net of an allowance for uncollectibles. Trade accounts receivable in excess of 180 days comprise the trade accounts receivable allowance for uncollectibles. The property tax receivable allowance is equal to outstanding accounts from 2008 and older as of September 30, 2016.

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" (i.e., the noncurrent portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

G. Prepaid Items

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

H. Capital Assets

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

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

CITY OF LIVE OAK, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Capital Assets (Continued)

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

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

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

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

I. Compensated Absences

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

J. Long-Term Obligations

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

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

K. Fund Balance

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

CITY OF LIVE OAK, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Fund Balance (Continued)

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

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

L. Net Position

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

M. Estimates

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

CITY OF LIVE OAK, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2016

NOTE 2: DEPOSITS AND INVESTMENTS

As of September 30, 2016, the City had the following investments:

<u>INVESTMENT TYPE</u>	<u>FAIR VALUE</u>	<u>WEIGHTED AVERAGE MATURITY (YEARS)</u>
U.S. Treasury and Agency Securities	\$ 4,245,000	1.920
Certificates of Deposit	5,145,000	0.940
TexPool (Local Government Investment Pool)	<u>11,993,777</u>	-
	<u>\$ 21,383,777</u>	
Portfolio Weighted Average Maturity		1.380

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

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

Custodial Credit Risk - Deposits. In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. As of September 30, 2016, the City's cash on hand was \$3,692. The carrying amount of deposits was \$444,794 and the bank balance was \$807,322. 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 \$1,728,902 as collateral for the City's deposits. Funds were fully insured and collateralized.

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

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

CITY OF LIVE OAK, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2016

NOTE 2: DEPOSITS AND INVESTMENTS (CONTINUED)

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

NOTE 3: RECEIVABLES

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

	GOVERNMENTAL FUNDS			PROPRIETARY FUNDS		TOTAL	
	GENERAL	ECONOMIC DEVELOPMENT CORPORATION	DEBT SERVICE FUND	OTHER FUNDS	WATER AND WASTEWATER UTILITIES		STORM WATER FUND
Receivables							
Property Taxes	\$ 34,760	\$ -	\$ 10,793	\$ -	\$ -	\$ -	\$ 45,553
Sales Taxes	973,054	314,786	-	-	-	-	1,287,840
Occupancy Taxes	-	-	-	142,094	-	-	142,094
Franchise Taxes	253,079	-	-	-	-	-	253,079
Customer Accounts	62,575	-	-	-	476,024	70,281	608,880
Court Fines	369,614	-	-	-	-	-	369,614
Other	-	-	-	38,475	-	-	38,475
Gross Receivables	1,693,082	314,786	10,793	180,569	476,024	70,281	2,745,535
Less: Allowance for Uncollectibles	(290,576)	-	(4,237)	-	(37,873)	-	(332,686)
NET TOTAL RECEIVABLES	<u>\$ 1,402,506</u>	<u>\$ 314,786</u>	<u>\$ 6,556</u>	<u>\$ 180,569</u>	<u>\$ 438,151</u>	<u>\$ 70,281</u>	<u>\$ 2,412,849</u>

CITY OF LIVE OAK, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2016

NOTE 4: PROPERTY TAX

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

For fiscal year 2016, the assessed tax rate for the City was \$0.467691 per \$100 on an assessed valuation of \$1,107,713,318. This is broken out as \$0.330927 per \$100 for maintenance and operations and \$0.136764 per \$100 for debt retirement. Total tax levy for fiscal year 2016 is \$5,069,178. As of September 30, 2016, the delinquent current taxes for 2016 were \$65,051.

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CITY OF LIVE OAK, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2016

NOTE 5: CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2016, was as follows:

	<u>BEGINNING BALANCE</u>	<u>INCREASES</u>	<u>DELETIONS</u>	<u>ENDING BALANCE</u>
<u>Governmental Activities</u>				
Capital Assets not being Depreciated				
Land	\$ 1,206,394	\$ -	\$ -	\$ 1,206,394
Water Rights	647,021	-	-	647,021
Construction in Progress	<u>155,889</u>	<u>232,918</u>	<u>(136,091)</u>	<u>252,716</u>
Total Capital Assets not being Depreciated	<u>2,009,304</u>	<u>232,918</u>	<u>(136,091)</u>	<u>2,106,131</u>
Capital Assets being Depreciated				
Buildings and Improvements	13,527,859	-	-	13,527,859
Streets and Improvements	14,000,214	136,091	-	14,136,305
Machinery and Equipment	<u>7,032,843</u>	<u>598,155</u>	<u>(263,752)</u>	<u>7,367,246</u>
Total Capital Assets being Depreciated	<u>34,560,916</u>	<u>734,246</u>	<u>(263,752)</u>	<u>35,031,410</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(5,681,052)	(506,390)	-	(6,187,442)
Streets and Improvements	(4,281,366)	(638,777)	-	(4,920,143)
Machinery and Equipment	<u>(4,927,756)</u>	<u>(514,556)</u>	<u>263,752</u>	<u>(5,178,560)</u>
Total Accumulated Depreciation	<u>(14,890,174)</u>	<u>(1,659,723)</u>	<u>263,752</u>	<u>(16,286,145)</u>
 Total Capital Assets being Depreciated - Net	 <u>19,670,742</u>	 <u>(925,477)</u>	 <u>-</u>	 <u>18,745,265</u>
 GOVERNMENTAL ACTIVITIES CAPITAL ASSETS - NET	 <u>\$ 21,680,046</u>	 <u>\$ (692,559)</u>	 <u>\$ (136,091)</u>	 <u>\$ 20,851,396</u>
<u>Business-Type Activities</u>				
Capital Assets not being Depreciated				
Land	\$ 8,770	\$ -	\$ -	\$ 8,770
Water Rights	<u>717,891</u>	<u>144,323</u>	<u>-</u>	<u>862,214</u>
Total Capital Assets not being Depreciated	<u>726,661</u>	<u>144,323</u>	<u>-</u>	<u>870,984</u>
Capital Assets being Depreciated				
Machinery and Equipment	1,596,661	128,716	(7,500)	1,717,877
Water and Wastewater System	<u>9,800,082</u>	<u>-</u>	<u>-</u>	<u>9,800,082</u>
Total Capital Assets being Depreciated	<u>11,396,743</u>	<u>128,716</u>	<u>(7,500)</u>	<u>11,517,959</u>
Less Accumulated Depreciation:				
Machinery and Equipment	(1,180,419)	(113,331)	7,500	(1,286,250)
Water and Wastewater System	<u>(5,608,181)</u>	<u>(231,081)</u>	<u>-</u>	<u>(5,839,262)</u>
Total Accumulated Depreciation	<u>(6,788,600)</u>	<u>(344,412)</u>	<u>7,500</u>	<u>(7,125,512)</u>
 Total Capital Assets being Depreciated - Net	 <u>4,608,143</u>	 <u>(215,696)</u>	 <u>-</u>	 <u>4,392,447</u>
 BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS - NET	 <u>\$ 5,334,804</u>	 <u>\$ (71,373)</u>	 <u>\$ -</u>	 <u>\$ 5,263,431</u>

CITY OF LIVE OAK, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2016

NOTE 5: CAPITAL ASSETS (CONTINUED)

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

Governmental Activities

General Government	\$ 242,503
Public Safety	590,263
Public Works	<u>826,957</u>

TOTAL DEPRECIATION EXPENSE - GOVERNMENTAL ACTIVITIES	<u>\$ 1,659,723</u>
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Business-Type Activities

Water and Wastewater Utilities	<u>\$ 344,412</u>
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NOTE 6: INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of September 30, 2016 is as follows:

<u>RECEIVABLE FUND</u>	<u>PAYABLE FUND</u>	<u>AMOUNT</u>
General	Nonmajor Governmental Funds	<u>\$ 45,000</u>

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

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

<u>TRANSFERS IN</u>	<u>TRANSFERS OUT</u>	<u>AMOUNT</u>	<u>PURPOSE</u>
General	Water and Wastewater Utilities	\$ 122,500	Subsidy for Administrative Expenditures
General	Storm Water Fund	107,977	Subsidy for Administrative Expenditures
General	Economic Development	236,628	Subsidy for Administrative Expenditures
General	Nonmajor Governmental	26,500	Support Fees
Debt Service	Water and Wastewater Utilities	170,350	Funding for Debt Service
Debt Service	General	85,160	Funding for Debt Service
Debt Service	Economic Development	738,013	Funding for Debt Service
Nonmajor Governmental	General	405,972	For Capital Projects
Nonmajor Utility	Water and Wastewater Utilities	290,000	Capital Asset Purchasing
Storm Water	General Fund	13,620	Capital Asset Purchasing
Water and Wastewater Utilities	Nonmajor Utility	115,097	Support Fees
Water and Wastewater Utilities	Economic Development	270,932	Funding for Debt Service
Water and Wastewater Utilities	Storm Water Fund	<u>9,500</u>	Support Fees
TOTAL		<u>\$2,592,249</u>	

CITY OF LIVE OAK, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2016

NOTE 7: LONG-TERM DEBT

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

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

A summary of the terms of general obligation bonds, combination tax and revenue certificates of obligation, and tax notes outstanding at September 30, 2016, follows:

SERIES AND ORIGINAL ISSUE AMOUNT	FINAL MATURITY	INTEREST RATE	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES
Combination Tax and Limited Pledged Revenue Certificates of Obligation Series 2005	2017	4.25% - 4.5%	\$ 265,000	\$ -
General Obligation Refunding Bonds, Series 2010	2022	3.064%	2,005,000	-
Tax Notes, Series 2012	2018	0.85 - 1.95%	160,000	-
General Obligation and Refunding Bonds, Series 2014	2034	2.0% - 4.0%	<u>17,590,000</u>	<u>-</u>
TOTAL BONDS, CERTIFICATES OF OBLIGATIONS, AND TAX NOTES			<u>\$ 20,020,000</u>	<u>\$ -</u>

B. Debt Service Requirements

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

FISCAL YEAR ENDING SEPTEMBER 30,	GOVERNMENTAL ACTIVITIES		
	PRINCIPAL	INTEREST	TOTAL
2017	\$ 1,675,000	\$ 728,364	\$ 2,519,677
2018	1,725,000	675,605	2,400,605
2019	1,695,000	624,489	2,319,489
2020	1,735,000	587,129	2,322,129
2021	1,795,000	520,910	2,315,910
2022-2026	6,430,000	1,624,585	8,054,585
2027-2031	2,920,000	768,400	3,688,400
2032-2034	<u>2,045,000</u>	<u>165,800</u>	<u>2,210,800</u>
TOTALS	<u>\$ 20,020,000</u>	<u>\$ 5,695,282</u>	<u>\$ 25,831,595</u>

C. Federal Arbitrage

General obligation bonds, combination tax and revenue bonds, and certificates of obligation are subject to the provisions of the Internal Revenue Code of 1986 related to arbitrage and interest income tax regulations under those provisions. The City does not have any arbitrage as of September 30, 2016.

CITY OF LIVE OAK, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2016

NOTE 7: LONG-TERM DEBT (CONTINUED)

D. Changes in Long-Term Debt

	BALANCE 9/30/2015	ADDITIONS	REDUCTIONS	BALANCE 9/30/2016	DUE WITHIN ONE YEAR
<u>Primary Government</u>					
Governmental Activities					
General Obligation Bonds	\$ 20,885,000	\$ -	\$ (1,290,000)	\$ 19,595,000	\$ 1,295,000
Certificates of Obligation	520,000	-	(255,000)	265,000	255,000
Tax Notes	240,000	-	(80,000)	160,000	80,000
Compensated Absences	294,315	73,579	(117,587)	250,307	62,577
Deferred Amounts for:					
Issuance Premium	<u>1,656,707</u>	<u>-</u>	<u>(110,182)</u>	<u>1,546,525</u>	<u>110,182</u>
TOTAL GOVERNMENTAL ACTIVITIES	<u>\$ 23,596,022</u>	<u>\$ 73,579</u>	<u>\$ (1,852,769)</u>	<u>\$ 21,816,832</u>	<u>\$ 1,802,759</u>
Business-Type Activities					
Tax Notes	\$ 125,000	\$ -	\$ (125,000)	\$ -	\$ -
Compensated Absences Payable	<u>38,904</u>	<u>9,726</u>	<u>(9,726)</u>	<u>38,904</u>	<u>9,726</u>
TOTAL BUSINESS-TYPE ACTIVITIES	<u>\$ 163,904</u>	<u>\$ 9,726</u>	<u>\$ (134,726)</u>	<u>\$ 38,904</u>	<u>\$ 9,726</u>

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

For fiscal year 2015, the City issued General Obligation and Refunding Bonds, Series 2014 for \$19,515,000 to refund the General Obligation Bonds, Series 2004 and to partially refund the Certificates of Obligation, Series 2005 in the amount of \$9,430,000 by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the City's financial statements. The reacquisition price exceeded the net carrying amount of the old debt by \$149,455. This amount is being deferred and amortized over the life of the refunded debt. As a result of the refunding, the City reduced its total debt service requirements by \$1,613,321 which resulted in an economic gain of \$1,396,440 (net present value). At September 30, 2016, the outstanding balance of the defeased bonds is \$0. The General Obligation and Refunding Bonds, Series 2014 also included \$10,085,000 of new bond money for construction projects.

CITY OF LIVE OAK, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2016

NOTE 8: EMPLOYEE RETIREMENT SYSTEM

A. Plan Description

The City participates as one of 866 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.tMrs.com.

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

B. Benefits Provided

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

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

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

Employees Covered by Benefit Terms

At the December 31, 2015 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	55
Inactive employees entitled to but not yet receiving benefits	53
Active employees	<u>114</u>
Total	222

CITY OF LIVE OAK, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2016

NOTE 8: EMPLOYEE RETIREMENT SYSTEM (CONTINUED)

C. Contributions

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

Employees for the City were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 17.62% and 17.92% for calendar years 2016 and 2015 respectively. The City's contributions to TMRS for the year ended September 30, 2016 and 2015 were \$1,143,310 and \$873,632, and exceeded the required contributions by \$90,000 in 2016 and \$93,010 in 2015.

D. Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2015, 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, 2015 actuarial valuation was determined using the following actuarial assumptions:

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

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with males rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. In addition, a 3% minimum mortality 16 rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

CITY OF LIVE OAK, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2016

NOTE 8: EMPLOYEE RETIREMENT SYSTEM (CONTINUED)

D. Net Pension Liability (Continued)

Actuarial assumptions used in the December 31, 2015, valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period December 31, 2010 through December 31, 2014. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2014 valuation. After the Asset Allocation Study analysis and experience investigation study, the Board amended the long-term expected rate of return on pension plan investments from 7% to 6.75%. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). At its meeting on July 30, 2015, the TMRS Board approved a new portfolio target allocation. The target allocation and best estimates of real rates of return for each major asset class are summarized in the following table:

<u>ASSET CLASS</u>	<u>TARGET ALLOCATION</u>	<u>LONG-TERM EXPECTED REAL RATE OF RETURN (ARITHMETIC)</u>
Domestic Equity	17.5%	4.55%
International Equity	17.5%	6.10%
Core Fixed Income	10.0%	1.00%
Non-Core Fixed Income	20.0%	3.65%
Real Return	10.0%	4.03%
Real Estate	10.0%	5.00%
Absolute Return	10.0%	4.00%
Private Equity	<u>5.0%</u>	8.00%
Total	100.0%	

CITY OF LIVE OAK, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2016

NOTE 8: EMPLOYEE RETIREMENT SYSTEM (CONTINUED)

D. Net Pension Liability (Continued)

Discount Rate

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

Changes in the Net Pension Liability

	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at December 31, 2014	\$ 33,143,706	\$ 27,489,688	\$ 5,654,018
Changes for the year:			
Service Cost	1,059,135	-	1,059,135
Interest	2,329,533	-	2,329,533
Change of Benefit Terms	-	-	-
Difference Between Expected and Actual Experience	(466,676)	-	(466,676)
Changes of Assumptions	142,698	-	142,698
Contributions - Employer	-	1,189,471	(1,189,471)
Contributions - Employee	-	428,304	(428,304)
Net Investment Income	-	40,569	(40,569)
Benefit Payments, Including Refunds of Employee Contributions	(788,473)	(788,473)	-
Administrative Expense	-	(24,707)	24,707
Other Changes	-	(1,220)	1,220
Net Changes	<u>2,276,217</u>	<u>843,944</u>	<u>1,432,273</u>
Balance at December 31, 2015	<u>\$ 35,419,923</u>	<u>\$ 28,333,632</u>	<u>\$ 7,086,291</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%)
\$ 12,442,304	\$ 7,086,291	\$ 2,714,494

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.

CITY OF LIVE OAK, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2016

NOTE 8: EMPLOYEE RETIREMENT SYSTEM (CONTINUED)

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

For the year ended September 30, 2016, the City recognized pension expense of \$1,411,553.

At September 30, 2016, 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	\$ -	\$ 455,664
Changes in Actuarial Assumptions	113,928	-
Difference Between Projected and Actual Investment Earnings	1,701,055	-
Contributions Subsequent to the Measurement Date	917,981	-
Total	\$ 2,732,964	\$ 455,664

The City reported \$917,981 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, 2016. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

2017	\$	349,540
2018		349,540
2019		349,540
2020		310,699
2021		-
Thereafter		-
Total	\$	1,359,319

CITY OF LIVE OAK, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2016

NOTE 8: EMPLOYEE RETIREMENT SYSTEM (CONTINUED)

F. Other Post-Employment Benefits

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

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

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

The City’s contributions to the TMRS SDBF for the years ended September 30, 2016, 2015, and 2014 were \$9,687, \$8,978, and \$8,329, respectively, which equaled the required contributions each year.

NOTE 9: COMMITMENTS AND CONTINGENCIES

Commitments

Construction Commitments

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

	<u>ESTIMATED COST TO CITY</u>	<u>EXPENDED TO DATE</u>	<u>ESTIMATED FUTURE COMMITMENT</u>
<u>General Government</u>			
Bridlewood Streets Repair Project (Bond)	\$3,759,714	\$3,348,915	\$ 410,799
Toepperwein Road Widening Project (Bond)	861,639	861,639	-
General Streets Project/Lookout Road	3,117,867	916,411	2,201,456
Lake Park Walking Trail	229,559	228,933	626
Stormwater Channel Rehab Project City Park	<u>130,546</u>	<u>130,546</u>	<u>-</u>
TOTAL ESTIMATED FUTURE COMMITMENTS	<u>\$ 8,099,325</u>	<u>\$ 5,486,444</u>	<u>\$ 2,612,881</u>

CITY OF LIVE OAK, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2016

NOTE 9: COMMITMENTS AND CONTINGENCIES (CONTINUED)

Long-Term Contracts

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

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

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

The City entered into several sublease agreements through the Regional Water Resource Development Corporation (the primary lessee). The sublease gives the City additional annual water rights from the Edwards Aquifer. The lease currently calls for an annual payment of \$89,767. The City evaluates annually whether or not to enter into any new sublease agreements.

Litigation

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

NOTE 10: RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; injuries to employees; employee health benefits; and other claims of various natures. The City contracts with the Texas Municipal League (TML) to provide insurance coverage for property and casualty, and workers compensation. TML is a multi-employer group that provides for a combination of risk sharing among pool participants and stop loss coverage. Contributions are set annually by the provider. Liability by the City is generally limited to the contributed amounts. Annual contributions for the year ended September 30, 2016 were \$228,400 for property and casualty and workers compensation coverage. There were no significant increases or decreases in coverage from fiscal year 2016.

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

CITY OF LIVE OAK, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2016

NOTE 11: TAX INCENTIVES

The City entered into an agreement on September 8, 2014 with a business (Hotel) who constructed a hotel and conference center. This agreement is a one-time initiative to incentivize the Hotel to construct and maintain a conference center within the City. The agreement is in accordance with Section 351.101(a) of the Texas Tax Code which provides in pertinent part that revenue from the "municipal hotel occupancy tax may be used only to promote tourism and the convention and hotel industry, and that use is limited to the following: (1) the acquisition of sites for and the construction, improvement, enlarging, equipping, repairing, operation, and maintenance of convention center facilities or visitor information centers, or both (2) the furnishing of facilities, personnel, and materials for the registration of convention delegates or registrants; and (3) advertising and conducting solicitations and promotion programs to attract tourist and convention delegates or registrants to the municipality or its vicinity". The agreement provides for the payment of hotel occupancy taxes (HOT) to the Hotel to support the maintenance and operations of the hotel and conference center. The terms of the agreement call for a payment of \$270,000 annually of HOT revenues collected by the City from sources other than the Hotel for a period of no less than ten years or until the Hotel achieves \$6,000,000 in gross room revenues with a maximum period of 20 years. In addition, the City will pay 100% of all HOT revenue collected from the Hotel until \$7,646,730 is paid up to a maximum period of 20 years. The Hotel began operations during the 2016 fiscal year and the City paid \$337,056 of HOT revenues collected.

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REQUIRED SUPPLEMENTARY INFORMATION

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

- Budgetary Comparison Schedule – General Fund
- Budgetary Comparison Schedule – Economic Development Corporation
- Schedule of Changes in Net Pension Liability and Related Ratios
- Schedule of Contributions

CITY OF LIVE OAK, TEXAS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2016
(WITH COMPARATIVE ACTUAL TOTALS FOR 2015)

	ORIGINAL BUDGET	FINAL BUDGET	2016 ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)	2015 ACTUAL AMOUNTS
<u>REVENUES</u>					
Property Taxes	\$ 3,552,330	\$ 3,552,330	\$ 3,581,341	\$ 29,011	\$ 3,393,444
Sales Tax	5,435,618	5,435,618	5,806,754	371,136	5,560,303
Franchise Taxes	942,000	942,000	1,129,199	187,199	1,139,480
Beverage Taxes	115,000	115,000	112,942	(2,058)	101,768
Fines and Fees	441,000	441,000	370,956	(70,044)	430,344
Permits and Fees	376,600	376,600	220,009	(156,591)	329,905
Service Fees	103,950	103,950	95,702	(8,248)	88,926
Intergovernmental	135,000	135,000	130,000	(5,000)	135,657
Investment Earnings	76,500	76,500	81,572	5,072	56,685
Miscellaneous	51,000	51,000	84,651	33,651	76,125
Total Revenues	<u>11,228,998</u>	<u>11,228,998</u>	<u>11,613,126</u>	<u>384,128</u>	<u>11,312,637</u>
<u>EXPENDITURES</u>					
General Government					
Council	317,110	317,110	102,995	214,115	112,959
City Manager	236,000	236,000	219,485	16,515	281,599
City Secretary	435,375	435,375	361,271	74,104	474,496
Municipal Court	221,400	221,400	194,096	27,304	187,192
Finance	520,780	520,780	486,722	34,058	388,746
Planning and Zoning	125,260	125,260	107,565	17,695	100,578
Emergency Management Office	91,075	91,075	71,248	19,827	80,533
Information Technology	424,255	424,255	309,321	114,934	409,576
Development Services	359,670	359,670	301,408	58,262	306,931
Total General Government	<u>2,730,925</u>	<u>2,730,925</u>	<u>2,154,111</u>	<u>576,814</u>	<u>2,342,610</u>
Public Safety					
Police Services	3,396,230	3,396,230	3,210,043	186,187	3,318,122
Fire and EMS	2,165,717	2,165,717	2,039,981	125,736	2,019,535
Communication Services	595,965	595,965	518,232	77,733	488,057
Total Public Safety	<u>6,157,912</u>	<u>6,157,912</u>	<u>5,768,256</u>	<u>389,656</u>	<u>5,825,714</u>

CITY OF LIVE OAK, TEXAS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2016
(WITH COMPARATIVE ACTUAL TOTALS FOR 2015)

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>2016 ACTUAL AMOUNTS</u>	<u>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</u>	<u>2015 ACTUAL AMOUNTS</u>
<u>EXPENDITURES (CONTINUED)</u>					
Public Works					
General Service	\$ 897,130	\$ 897,130	\$ 758,444	\$ 138,686	\$ 765,361
Street Maintenance	457,800	457,800	327,839	129,961	336,458
Animal Control	273,910	243,910	241,957	1,953	236,127
Parks Maintenance	<u>574,496</u>	<u>554,496</u>	<u>502,653</u>	<u>51,843</u>	<u>453,066</u>
Total Public Works	<u>2,203,336</u>	<u>2,153,336</u>	<u>1,830,893</u>	<u>322,443</u>	<u>1,791,012</u>
Community Service					
Leisure Services	<u>322,650</u>	<u>247,650</u>	<u>201,719</u>	<u>45,931</u>	<u>178,235</u>
Capital Outlay	<u>713,569</u>	<u>713,569</u>	<u>598,155</u>	<u>115,414</u>	<u>353,355</u>
Total Expenditures	<u>12,128,392</u>	<u>12,003,392</u>	<u>10,553,134</u>	<u>1,450,258</u>	<u>10,490,926</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(899,394)</u>	<u>(774,394)</u>	<u>1,059,992</u>	<u>1,834,386</u>	<u>821,711</u>
<u>OTHER FINANCING SOURCES (USES)</u>					
Transfers In	1,183,260	1,183,260	493,605	(689,655)	482,647
Transfers Out	<u>(365,132)</u>	<u>(490,132)</u>	<u>(503,752)</u>	<u>(13,620)</u>	<u>(447,750)</u>
Total Other Financing Sources (Uses)	<u>818,128</u>	<u>693,128</u>	<u>(10,147)</u>	<u>(703,275)</u>	<u>34,897</u>
Net Change in Fund Balance	(81,266)	(81,266)	1,049,845	1,131,111	856,608
<u>FUND BALANCE - BEGINNING</u>	<u>9,540,389</u>	<u>9,540,389</u>	<u>9,540,389</u>	<u>-</u>	<u>8,683,781</u>
FUND BALANCE - ENDING	<u>\$ 9,459,123</u>	<u>\$ 9,459,123</u>	<u>\$ 10,590,234</u>	<u>\$ 1,131,111</u>	<u>\$ 9,540,389</u>

CITY OF LIVE OAK, TEXAS
LIVE OAK ECONOMIC DEVELOPMENT CORPORATION SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2016
(WITH COMPARATIVE ACTUAL TOTALS FOR 2015)

	ORIGINAL AND FINAL BUDGET	2016 ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)	2015 ACTUAL AMOUNTS
<u>REVENUES</u>				
Sales Taxes	\$ 1,811,873	\$ 1,935,585	\$ 123,712	\$1,853,434
Investment Earnings	2,000	10,564	8,564	7,196
Total Revenues	<u>1,813,873</u>	<u>1,946,149</u>	<u>132,276</u>	<u>1,860,630</u>
<u>EXPENDITURES</u>				
General Government	604,290	238,858	365,432	194,167
Excess of Revenues Over Expenditures	<u>1,209,583</u>	<u>1,707,291</u>	<u>497,708</u>	<u>1,666,463</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers Out	1,102,250	(1,246,573)	(2,348,823)	(1,470,495)
Net Change in Fund Balance	2,311,833	460,718	(1,851,115)	195,968
<u>FUND BALANCE - BEGINNING</u>	<u>1,702,352</u>	<u>1,702,352</u>	-	<u>1,506,384</u>
FUND BALANCE - ENDING	<u>\$ 4,014,185</u>	<u>\$ 2,163,070</u>	<u>\$ (1,851,115)</u>	<u>\$ 1,702,352</u>

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

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

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

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

	<u>2016</u>	<u>2015</u>
Actuarially Determined Contributions	\$ 1,143,310	\$ 1,094,224
Contributions in Relation to the Actuarially Determined Contributions	<u>1,233,310</u>	<u>1,187,234</u>
Contribution Deficiency (Excess)	90,000	93,010
Covered Employee Payroll	6,458,084	6,033,684
Contributions as a Percentage of Covered Employee Payroll	19.10%	19.68%

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

CITY OF LIVE OAK, TEXAS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2016

NOTE 1: BUDGETARY INFORMATION

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

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

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

NOTE 2: SCHEDULE OF CONTRIBUTIONS

Valuation Date:

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

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	28 Years
Asset Valuation Method	10 Year Smoothed Market, 15% Soft Corridor
Inflation	2.50%
Salary Increases	3.5% to 10.50% Including Inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010 - 2014.
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.

Other Information:

There were no benefit changes during the year.

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OTHER SUPPLEMENTARY INFORMATION

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

Such statements and schedules include:

- Combining Statements – Nonmajor Governmental Funds
- Individual Schedules of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Nonmajor Funds with Approved Budgets
- Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Debt Service Fund
- Comparative Statements – General Fund

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

SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

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

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

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

CAPITAL PROJECTS FUNDS

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

CITY OF LIVE OAK, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2016

	SPECIAL REVENUE FUNDS				
	HOTEL/MOTEL OCCUPANCY FUND	FORFEITURE	CHILD SAFETY	FEDERAL/ STATE GRANTS	EMERGENCY RADIO SYSTEM
<u>ASSETS</u>					
Cash and Cash Equivalents	\$ 965,564	\$ 62,707	\$ 77,560	\$ 45,000	\$ 115,755
Accounts Receivable - Net of Allowance					
Other	142,094	5,031	1,348	-	22,485
Due from Other Governments	-	-	-	-	-
	<u>\$ 1,107,658</u>	<u>\$ 67,738</u>	<u>\$ 78,908</u>	<u>\$ 45,000</u>	<u>\$ 138,240</u>
<u>LIABILITIES</u>					
Accounts Payable	\$ 127,608	\$ -	\$ 1,090	\$ -	\$ 46,533
Accrued Liabilities	-	-	-	-	-
Due to Other Funds	-	-	-	45,000	-
Total Liabilities	<u>127,608</u>	<u>-</u>	<u>1,090</u>	<u>45,000</u>	<u>46,533</u>
<u>FUND BALANCES</u>					
Restricted:					
Hotel/Motel	980,050	-	-	-	-
Forfeiture	-	67,738	-	-	-
Child Safety	-	-	77,818	-	-
Emergency Radio System	-	-	-	-	91,707
Public Education	-	-	-	-	-
Court Technology	-	-	-	-	-
Alamo Regional SWAT	-	-	-	-	-
Court Security	-	-	-	-	-
Committed:					
Capital Projects	-	-	-	-	-
Total Fund Balances	<u>980,050</u>	<u>67,738</u>	<u>77,818</u>	<u>-</u>	<u>91,707</u>
	<u>\$ 1,107,658</u>	<u>\$ 67,738</u>	<u>\$ 78,908</u>	<u>\$ 45,000</u>	<u>\$ 138,240</u>
TOTAL LIABILITIES AND FUND BALANCES					

				CAPITAL PROJECTS			
PUBLIC EDUCATION	COURT TECHNOLOGY	ALAMO REGIONAL SWAT	COURT SECURITY	CAPITAL PROJECTS	2005 CERTIFICATES OF OBLIGATION FUND	WOODCREST PARK DONATIONS	TOTALS
\$ 175,635	\$ 114,001	\$ 7,230	\$ 49,099	\$ 882,192	\$ 52,265	\$ 39,444	\$ 2,586,452
9,611	-	-	-	-	-	-	180,569
-	-	6,500	-	-	-	-	6,500
<u>\$ 185,246</u>	<u>\$ 114,001</u>	<u>\$ 13,730</u>	<u>\$ 49,099</u>	<u>\$ 882,192</u>	<u>\$ 52,265</u>	<u>\$ 39,444</u>	<u>\$ 2,773,521</u>
\$ -	\$ 39	\$ 210	\$ -	\$ 42,883	\$ -	\$ 2,340	\$ 220,703
-	-	-	38	-	-	-	38
-	-	-	-	-	-	-	45,000
-	39	210	38	42,883	-	2,340	265,741
-	-	-	-	-	-	-	980,050
-	-	-	-	-	-	-	67,738
-	-	-	-	-	-	-	77,818
-	-	-	-	-	-	-	91,707
185,246	-	-	-	-	-	-	185,246
-	113,962	-	-	-	-	-	113,962
-	-	13,520	-	-	-	-	13,520
-	-	-	49,061	-	-	-	49,061
-	-	-	-	839,309	52,265	37,104	928,678
<u>185,246</u>	<u>113,962</u>	<u>13,520</u>	<u>49,061</u>	<u>839,309</u>	<u>52,265</u>	<u>37,104</u>	<u>2,507,780</u>
<u>\$ 185,246</u>	<u>\$ 114,001</u>	<u>\$ 13,730</u>	<u>\$ 49,099</u>	<u>\$ 882,192</u>	<u>\$ 52,265</u>	<u>\$ 39,444</u>	<u>\$ 2,773,521</u>

CITY OF LIVE OAK, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2016

	<u>SPECIAL REVENUE FUNDS</u>				
	<u>HOTEL/MOTEL OCCUPANCY FUND</u>	<u>FORFEITURE</u>	<u>CHILD SAFETY</u>	<u>FEDERAL/ STATE GRANTS</u>	<u>EMERGENCY RADIO SYSTEM</u>
<u>REVENUES</u>					
Occupancy Tax	\$ 540,765	\$ -	\$ -	\$ -	\$ -
Franchise Fees	-	-	-	-	-
Fines and Fees	-	64,546	16,881	-	-
Service Fees	-	-	-	-	38,576
Intergovernmental	-	-	-	-	-
Investment Earnings	2,861	2	190	-	287
Miscellaneous	-	7	-	-	-
Total Revenues	<u>543,626</u>	<u>64,555</u>	<u>17,071</u>	<u>-</u>	<u>38,863</u>
<u>EXPENDITURES</u>					
Current					
General Government	593,831	-	-	-	-
Public Safety	-	-	5,999	-	112,368
Public Works	-	-	2,629	-	-
Total Expenditures	<u>593,831</u>	<u>-</u>	<u>8,628</u>	<u>-</u>	<u>112,368</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(50,205)</u>	<u>64,555</u>	<u>8,443</u>	<u>-</u>	<u>(73,505)</u>
<u>OTHER FINANCING SOURCES (USES)</u>					
Transfers In	-	-	-	-	52,925
Transfers Out	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>52,925</u>
Net Change in Fund Balances	(50,205)	64,555	8,443	-	(20,580)
<u>FUND BALANCES AT BEGINNING OF YEAR</u>	<u>1,030,255</u>	<u>3,183</u>	<u>69,375</u>	<u>-</u>	<u>112,287</u>
FUND BALANCES AT END OF YEAR	<u>\$ 980,050</u>	<u>\$ 67,738</u>	<u>\$ 77,818</u>	<u>\$ -</u>	<u>\$ 91,707</u>

				CAPITAL PROJECTS			
PUBLIC EDUCATION	COURT TECHNOLOGY	ALAMO REGIONAL SWAT	COURT SECURITY	2005			TOTALS
				CAPITAL PROJECTS	CERTIFICATES OF OBLIGATION FUND	WOODCREST PARK DONATIONS	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 540,765
41,218	-	-	-	-	-	-	41,218
-	8,217	-	6,163	-	-	-	95,807
-	-	-	-	-	-	-	38,576
-	-	32,500	-	-	-	-	32,500
362	318	-	124	1,852	158	179	6,333
-	-	-	-	-	-	-	7
<u>41,580</u>	<u>8,535</u>	<u>32,500</u>	<u>6,287</u>	<u>1,852</u>	<u>158</u>	<u>179</u>	<u>755,206</u>
-	6,370	-	4,350	127,883	8,135	32,706	773,275
-	-	12,278	-	-	-	-	130,645
-	-	-	-	-	-	-	2,629
-	<u>6,370</u>	<u>12,278</u>	<u>4,350</u>	<u>127,883</u>	<u>8,135</u>	<u>32,706</u>	<u>906,549</u>
<u>41,580</u>	<u>2,165</u>	<u>20,222</u>	<u>1,937</u>	<u>(126,031)</u>	<u>(7,977)</u>	<u>(32,527)</u>	<u>(151,343)</u>
-	-	6,500	-	346,547	-	-	405,972
-	-	(26,500)	-	-	-	-	(26,500)
-	-	(20,000)	-	346,547	-	-	379,472
41,580	2,165	222	1,937	220,516	(7,977)	(32,527)	228,129
<u>143,666</u>	<u>111,797</u>	<u>13,298</u>	<u>47,124</u>	<u>618,793</u>	<u>60,242</u>	<u>69,631</u>	<u>2,279,651</u>
<u>\$ 185,246</u>	<u>\$ 113,962</u>	<u>\$ 13,520</u>	<u>\$ 49,061</u>	<u>\$ 839,309</u>	<u>\$ 52,265</u>	<u>\$ 37,104</u>	<u>\$ 2,507,780</u>

CITY OF LIVE OAK, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
HOTEL/MOTEL OCCUPANCY TAX
YEAR ENDED SEPTEMBER 30, 2016
(WITH COMPARATIVE ACTUAL TOTALS FOR 2015)

	ORIGINAL AND FINAL BUDGET	2016 ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	2015 ACTUAL AMOUNTS
<u>REVENUES</u>				
Occupancy Tax	\$ 535,000	\$ 540,765	\$ 5,765	\$ 436,420
Investment Earnings	<u>250</u>	<u>2,861</u>	<u>2,611</u>	<u>333</u>
Total Revenues	<u>535,250</u>	<u>543,626</u>	<u>8,376</u>	<u>436,753</u>
<u>EXPENDITURES</u>				
Current				
General Government	<u>725,000</u>	<u>593,831</u>	<u>131,169</u>	<u>1,850,560</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(189,750)	(50,205)	(122,793)	(1,413,807)
Net Change in Fund Balance	(189,750)	(50,205)	(122,793)	(1,413,807)
<u>FUND BALANCE - BEGINNING</u>	<u>1,030,255</u>	<u>1,030,255</u>	<u>-</u>	<u>2,444,062</u>
FUND BALANCE - ENDING	<u>\$ 840,505</u>	<u>\$ 980,050</u>	<u>\$ (122,793)</u>	<u>\$ 1,030,255</u>

CITY OF LIVE OAK, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FORFEITURE
YEAR ENDED SEPTEMBER 30, 2016
(WITH COMPARATIVE ACTUAL TOTALS FOR 2015)

	<u>ORIGINAL AND FINAL BUDGET</u>	<u>2016 ACTUAL AMOUNTS</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>	<u>2015 ACTUAL AMOUNTS</u>
<u>REVENUES</u>				
Fines and Fees	\$ 15,000	\$ 64,546	\$ 49,546	\$ 5,485
Investment Earnings	-	2	2	30
Total Revenues	<u>15,000</u>	<u>64,555</u>	<u>49,555</u>	<u>5,515</u>
<u>EXPENDITURES</u>				
Capital Outlay	<u>25,000</u>	-	(25,000)	<u>24,995</u>
Total Expenditures	<u>25,000</u>	-	(25,000)	<u>24,995</u>
Net Change in Fund Balance	(10,000)	64,555	24,555	(19,480)
<u>FUND BALANCE - BEGINNING</u>	<u>3,183</u>	<u>3,183</u>	-	<u>22,663</u>
FUND BALANCE - ENDING	<u>\$ (6,817)</u>	<u>\$ 67,738</u>	<u>\$ 24,555</u>	<u>\$ 3,183</u>

CITY OF LIVE OAK, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
CHILD SAFETY
YEAR ENDED SEPTEMBER 30, 2016
(WITH COMPARATIVE ACTUAL TOTALS FOR 2015)

	ORIGINAL AND FINAL BUDGET	2016 ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	2015 ACTUAL AMOUNTS
<u>REVENUES</u>				
Fines and Fees	\$ 12,000	\$ 16,881	\$ 4,881	\$ 16,419
Investment Earnings	-	190	190	26
Total Revenues	<u>12,000</u>	<u>17,071</u>	<u>5,071</u>	<u>16,445</u>
<u>EXPENDITURES</u>				
Public Works	6,000	2,629	3,371	1,416
Public Safety	<u>6,000</u>	<u>5,999</u>	<u>1</u>	<u>6,000</u>
Total Expenditures	<u>12,000</u>	<u>8,628</u>	<u>3,372</u>	<u>7,416</u>
Net Change in Fund Balance	-	8,443	8,443	9,029
<u>FUND BALANCE - BEGINNING</u>	<u>69,375</u>	<u>69,375</u>	<u>-</u>	<u>60,346</u>
FUND BALANCE - ENDING	<u>\$ 69,375</u>	<u>\$ 77,818</u>	<u>\$ 8,443</u>	<u>\$ 69,375</u>

CITY OF LIVE OAK, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FEDERAL/STATE GRANTS
YEAR ENDED SEPTEMBER 30, 2016
(WITH COMPARATIVE ACTUAL TOTALS FOR 2015)

	ORIGINAL AND FINAL BUDGET	2016 ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	2015 ACTUAL AMOUNTS
<u>REVENUES</u>				
Intergovernmental	\$ -	\$ -	\$ -	\$ 45,000
Miscellaneous	-	-	-	-
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>45,000</u>
<u>EXPENDITURES</u>				
Public Safety	-	-	-	45,000
Capital Outlay	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>45,000</u>
Net Change in Fund Balance	-	-	-	-
<u>FUND BALANCE - BEGINNING</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF LIVE OAK, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
EMERGENCY RADIO SYSTEM FUND
YEAR ENDED SEPTEMBER 30, 2016
(WITH COMPARATIVE ACTUAL TOTALS FOR 2015)

	ORIGINAL AND FINAL BUDGET	2016 ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	2015 ACTUAL AMOUNTS
<u>REVENUES</u>				
Service Fees	\$ 36,000	\$ 38,576	\$ 2,576	\$ 37,684
Investment Earnings	100	287	187	71
Total Revenues	<u>36,100</u>	<u>38,863</u>	<u>2,763</u>	<u>37,755</u>
<u>EXPENDITURES</u>				
Public Safety	<u>146,125</u>	<u>112,368</u>	<u>33,757</u>	<u>111,368</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(110,025)</u>	<u>(73,505)</u>	<u>36,520</u>	<u>(73,613)</u>
<u>OTHER FINANCING SOURCES</u>				
Transfers In	<u>52,925</u>	<u>52,925</u>	-	<u>36,091</u>
Total Other Financing Sources (Uses)	<u>52,925</u>	<u>52,925</u>	-	<u>36,091</u>
Net Change in Fund Balance	(57,100)	(20,580)	36,520	(37,522)
<u>FUND BALANCE - BEGINNING</u>	<u>112,287</u>	<u>112,287</u>	-	<u>149,809</u>
FUND BALANCE - ENDING	<u>\$ 55,187</u>	<u>\$ 91,707</u>	<u>\$ 36,520</u>	<u>\$ 112,287</u>

CITY OF LIVE OAK, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
PUBLIC EDUCATION FUND
YEAR ENDED SEPTEMBER 30, 2016
(WITH COMPARATIVE ACTUAL TOTALS FOR 2015)

	ORIGINAL AND FINAL BUDGET	2016 ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	2015 ACTUAL AMOUNTS
<u>REVENUES</u>				
Franchise Fees	\$ 35,000	\$ 41,218	\$ 6,218	\$ 40,017
Investment Earnings	-	362	362	44
Total Revenues	<u>35,000</u>	<u>41,580</u>	<u>6,580</u>	<u>40,061</u>
Net Change in Fund Balance	35,000	41,580	6,580	40,061
<u>FUND BALANCE - BEGINNING</u>	<u>143,666</u>	<u>143,666</u>	<u>-</u>	<u>103,605</u>
FUND BALANCE - ENDING	<u>\$ 178,666</u>	<u>\$ 185,246</u>	<u>\$ 6,580</u>	<u>\$ 143,666</u>

CITY OF LIVE OAK, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
COURT TECHNOLOGY
YEAR ENDED SEPTEMBER 30, 2016
(WITH COMPARATIVE ACTUAL TOTALS FOR 2015)

	ORIGINAL AND FINAL BUDGET	2016 ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	2015 ACTUAL AMOUNTS
<u>REVENUES</u>				
Fines and Fees	\$ 12,000	\$ 8,217	\$ (3,783)	\$ 10,525
Investment Earnings	100	318	218	57
Total Revenues	<u>12,100</u>	<u>8,535</u>	<u>(3,565)</u>	<u>10,582</u>
<u>EXPENDITURES</u>				
General Government	<u>11,450</u>	<u>6,370</u>	<u>5,080</u>	<u>4,897</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Sale of Capital Asset	<u>-</u>	<u>-</u>	<u>-</u>	<u>68</u>
Net Change in Fund Balance	650	2,165	1,515	5,753
<u>FUND BALANCE - BEGINNING</u>	<u>111,797</u>	<u>111,797</u>	<u>-</u>	<u>106,044</u>
FUND BALANCE - ENDING	<u>\$ 112,447</u>	<u>\$ 113,962</u>	<u>\$ 1,515</u>	<u>\$ 111,797</u>

CITY OF LIVE OAK, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
ALAMO REGIONAL SWAT
YEAR ENDED SEPTEMBER 30, 2016
(WITH COMPARATIVE ACTUAL TOTALS FOR 2015)

	ORIGINAL AND FINAL BUDGET	2016 ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	2015 ACTUAL AMOUNTS
<u>REVENUES</u>				
Intergovernmental	\$ 32,500	\$ 32,500	\$ -	\$ 32,500
<u>EXPENDITURES</u>				
Public Safety	12,353	12,278	75	67,757
Capital Outlay	-	-	-	61,445
Total Expenditures	<u>12,353</u>	<u>12,278</u>	<u>75</u>	<u>129,202</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfer In	6,500	6,500	-	136,500
Transfer Out	<u>(26,500)</u>	<u>(26,500)</u>	<u>-</u>	<u>(26,500)</u>
Total Other Financing Sources (Uses)	<u>(20,000)</u>	<u>(20,000)</u>	<u>-</u>	<u>110,000</u>
Net Change in Fund Balance	147	222	75	13,298
<u>FUND BALANCE - BEGINNING</u>	<u>13,298</u>	<u>13,298</u>	<u>-</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 13,445</u>	<u>\$ 13,520</u>	<u>\$ 75</u>	<u>\$ 13,298</u>

CITY OF LIVE OAK, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
COURT SECURITY
YEAR ENDED SEPTEMBER 30, 2016
(WITH COMPARATIVE ACTUAL TOTALS FOR 2015)

	ORIGINAL AND FINAL BUDGET	2016 ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	2015 ACTUAL AMOUNTS
<u>REVENUES</u>				
Fines and Fees	\$ 10,000	\$ 6,163	\$ (3,837)	\$ 7,894
Investment Earnings	100	124	24	22
Total Revenues	<u>10,100</u>	<u>6,287</u>	<u>(3,813)</u>	<u>7,916</u>
<u>EXPENDITURES</u>				
General Government	<u>20,370</u>	<u>4,350</u>	<u>16,020</u>	<u>5,657</u>
Net Change in Fund Balance	(10,270)	1,937	12,207	2,259
<u>FUND BALANCE - BEGINNING</u>	<u>47,124</u>	<u>47,124</u>	<u>-</u>	<u>44,865</u>
FUND BALANCE - ENDING	<u>\$ 36,854</u>	<u>\$ 49,061</u>	<u>\$ 12,207</u>	<u>\$ 47,124</u>

CITY OF LIVE OAK, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
DEBT SERVICE FUND
YEAR ENDED SEPTEMBER 30, 2016
(WITH COMPARATIVE ACTUAL TOTALS FOR 2015)

	ORIGINAL AND FINAL BUDGET	2016 ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	2015 ACTUAL AMOUNTS
<u>REVENUES</u>				
Property Taxes	\$ 1,414,400	\$ 1,424,835	\$ 10,435	\$ 1,414,599
Investment Earnings	300	2,528	2,228	175
Total Revenues	<u>1,414,700</u>	<u>1,427,363</u>	<u>12,663</u>	<u>1,414,774</u>
<u>EXPENDITURES</u>				
Principal	1,756,035	1,625,000	131,035	1,550,000
Interest and Fiscal Charges	<u>778,797</u>	<u>782,038</u>	<u>(3,241)</u>	<u>791,505</u>
Total Expenditures	<u>2,534,832</u>	<u>2,407,038</u>	<u>127,794</u>	<u>2,341,505</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,120,132)</u>	<u>(979,675)</u>	<u>140,457</u>	<u>(926,731)</u>
<u>OTHER FINANCING SOURCES</u>				
Transfers In	1,120,132	993,523	(126,609)	998,360
Net Change in Fund Balance	-	13,848	13,848	71,629
<u>FUND BALANCE - BEGINNING</u>	<u>351,067</u>	<u>351,067</u>	<u>-</u>	<u>279,438</u>
FUND BALANCE - ENDING	<u>\$ 351,067</u>	<u>\$ 364,915</u>	<u>\$ 13,848</u>	<u>\$ 351,067</u>

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

	2016	2015
<u>ASSETS</u>		
Cash and Cash Equivalents	\$ 2,389,155	\$ 1,230,160
Investments	8,136,359	8,465,843
Receivables		
Ad Valorem Taxes (Net of Allowance for Uncollectibles of \$13,366 and \$11,528)	21,393	32,665
Sales Taxes	973,053	910,564
Franchise Taxes	-	251,346
Other	408,060	213,894
Due from Other Governments	849	-
Due from Other Funds	45,000	45,000
Accrued Interest	17,290	16,008
Prepaid Items	15,458	10,022
TOTAL ASSETS	\$ 12,006,617	\$ 11,175,502
<u>LIABILITIES</u>		
Accounts Payable	\$ 660,549	\$ 770,678
Accrued Liabilities	84,101	168,946
Unearned Revenue	3,081	3,106
Total Liabilities	747,731	942,730
<u>DEFERRED INFLOW OF RESOURCES</u>		
Unearned Revenue - Taxes	668,652	692,383
<u>FUND BALANCES</u>		
Nonspendable		
Prepaid Items	15,458	10,022
Restricted		
Weed Abatement	13,523	15,465
Committed		
Asset Replacement	1,943,738	1,978,705
Unassigned	8,617,515	7,536,198
Total Fund Balances	10,590,234	9,540,389
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCES	\$ 12,006,617	\$ 11,175,502

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

	<u>2016</u>	<u>2015</u>
<u>REVENUES</u>		
Property Taxes	\$ 3,581,341	\$ 3,393,444
Sales Tax	5,806,754	5,560,303
Franchise Taxes	1,129,199	1,139,480
Beverage Taxes	112,942	101,768
Fines and Fees	370,956	430,344
Permits and Fees	220,009	329,905
Service Fees	95,702	88,926
Intergovernmental	130,000	135,657
Investment Earnings	81,572	56,685
Miscellaneous	<u>84,651</u>	<u>76,125</u>
Total Revenues	<u>11,613,126</u>	<u>11,312,637</u>
<u>EXPENDITURES</u>		
General Government	2,154,111	2,342,610
Public Safety	5,768,256	5,825,714
Public Works	1,830,893	1,791,012
Community Services	201,719	178,235
Capital Outlay	<u>598,155</u>	<u>353,355</u>
Total Expenditures	<u>10,553,134</u>	<u>10,490,926</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,059,992</u>	<u>821,711</u>
<u>OTHER FINANCING SOURCES (USES)</u>		
Transfers In	493,605	482,647
Transfers Out	<u>(503,752)</u>	<u>(447,750)</u>
Total Other Financing Sources (Uses)	<u>(10,147)</u>	<u>34,897</u>
Net Change in Fund Balances	1,049,845	856,608
<u>FUND BALANCES AT BEGINNING OF YEAR</u>	<u>9,540,389</u>	<u>8,683,781</u>
FUND BALANCES AT END OF YEAR	<u>\$ 10,590,234</u>	<u>\$ 9,540,389</u>

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STATISTICAL SECTION

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STATISTICAL SECTION

This part of the City of Live Oak’s annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about Live Oak’s overall financial health.

Contents

Tables

Financial Trends

1 through 4

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

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

Revenue Capacity

5 through 10

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

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

Debt Capacity

11 through 13

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

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

Demographic and Economic Information

14 through 15

- 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

16 through 18

- 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>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<u>GOVERNMENTAL ACTIVITIES</u>				
Net Investment in Capital Assets	\$ 4,038,089	\$ 4,769,956	\$ 6,494,007	\$ 7,660,148
Restricted	1,078,124	1,096,435	941,509	1,277,624
Unrestricted	<u>7,769,020</u>	<u>9,598,385</u>	<u>8,576,444</u>	<u>9,984,672</u>
 TOTAL GOVERNMENTAL ACTIVITIES NET POSITION	 <u>\$ 12,885,233</u>	 <u>\$ 15,464,776</u>	 <u>\$ 16,011,960</u>	 <u>\$ 18,922,444</u>
<u>BUSINESS-TYPE ACTIVITIES</u>				
Net Investment in Capital Assets	\$ 5,724,282	\$ 5,466,484	\$ 5,326,566	\$ 5,048,551
Unrestricted	<u>1,484,166</u>	<u>1,835,916</u>	<u>2,126,850</u>	<u>2,331,113</u>
 TOTAL BUSINESS-TYPE ACTIVITIES NET POSITION	 <u>\$ 7,208,448</u>	 <u>\$ 7,302,400</u>	 <u>\$ 7,453,416</u>	 <u>\$ 7,379,664</u>
<u>PRIMARY GOVERNMENT</u>				
Net Investment in Capital Assets	\$ 9,762,371	\$ 10,236,440	\$ 11,820,573	\$ 12,708,699
Restricted	1,078,124	1,096,435	941,509	1,277,624
Unrestricted	<u>9,253,186</u>	<u>11,434,301</u>	<u>10,703,294</u>	<u>12,315,785</u>
 TOTAL PRIMARY GOVERNMENT NET POSITION	 <u>\$ 20,093,681</u>	 <u>\$ 22,767,176</u>	 <u>\$ 23,465,376</u>	 <u>\$ 26,302,108</u>

TABLE 1

<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
\$ 7,660,148	\$ 8,073,159	\$ 8,441,921	\$ 7,684,247	\$ 10,047,544	\$ 2,498,042
1,277,624	1,160,105	3,018,682	3,179,395	1,884,219	1,944,020
<u>9,984,672</u>	<u>9,741,537</u>	<u>10,129,923</u>	<u>10,791,866</u>	<u>5,221,828</u>	<u>9,903,047</u>
<u>\$ 18,922,444</u>	<u>\$ 18,974,801</u>	<u>\$ 21,590,526</u>	<u>\$ 21,655,508</u>	<u>\$ 17,153,591</u>	<u>\$ 14,345,109</u>
\$ 4,872,400	\$ 5,264,573	\$ 5,095,397	\$ 5,025,941	\$ 5,209,804	\$ 5,263,431
<u>2,462,678</u>	<u>2,100,154</u>	<u>2,373,622</u>	<u>2,233,452</u>	<u>1,871,554</u>	<u>1,626,416</u>
<u>\$ 7,335,078</u>	<u>\$ 7,364,727</u>	<u>\$ 7,469,019</u>	<u>\$ 7,259,393</u>	<u>\$ 7,081,358</u>	<u>\$ 6,889,847</u>
\$ 12,532,548	\$ 13,337,732	\$ 13,537,318	\$ 12,710,188	\$ 15,257,348	\$ 7,761,473
1,277,624	1,160,105	3,018,682	3,179,395	1,884,219	1,944,020
<u>12,447,350</u>	<u>11,841,691</u>	<u>12,503,545</u>	<u>13,025,318</u>	<u>7,093,382</u>	<u>11,529,463</u>
<u>\$ 26,257,522</u>	<u>\$ 26,339,528</u>	<u>\$ 29,059,545</u>	<u>\$ 28,914,901</u>	<u>\$ 24,234,949</u>	<u>\$ 21,234,956</u>

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

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<u>EXPENSES</u>				
<u>Governmental Activities</u>				
General Government	\$ 1,727,904	\$ 1,949,897	\$ 2,241,114	\$ 2,539,637
Public Safety	4,532,582	4,604,325	4,917,942	5,651,105
Public Works	1,789,777	1,998,935	2,108,618	2,359,455
Community Services	136,224	158,604	150,041	157,376
Interest on Long-Term Debt	959,606	926,629	892,894	858,184
Total Governmental Activities	<u>9,146,093</u>	<u>9,638,390</u>	<u>10,310,609</u>	<u>11,565,757</u>
<u>Business-Type Activities</u>				
Water and Wastewater Utilities	2,140,453	2,797,398	2,485,643	2,726,386
Utility Development Replacement and Renewal	66,829	57,199	64,269	163,493
Storm Water Fund	-	-	378,638	375,347
Total Business-Type Activities	<u>2,207,282</u>	<u>2,854,597</u>	<u>2,928,550</u>	<u>3,265,226</u>
Total Primary Government Expenses	<u>11,353,375</u>	<u>12,492,987</u>	<u>13,239,159</u>	<u>14,830,983</u>
<u>PROGRAM REVENUES</u>				
<u>Governmental Activities</u>				
Charges for Service				
General Government	460,842	427,744	406,207	382,722
Public Safety	658,050	740,163	432,035	1,315,857
Public Works	512,209	594,974	229,949	374,441
Community Services	52,478	53,092	56,278	59,846
Operating Grants and Contributions	1,190,606	1,810,682	1,271,376	89,986
Capital Grants and Contributions	147,000	41,125	3,375	-
Total Governmental Activities Program Revenues	<u>3,021,185</u>	<u>3,667,780</u>	<u>2,399,220</u>	<u>2,222,852</u>
<u>Business-Type Activities</u>				
Charges for Service				
Water and Wastewater Utilities	2,609,911	3,217,871	2,782,143	2,890,678
Utility Development Replacement and Renewal	-	-	-	-
Storm Water Fund	-	-	336,092	638,633
Capital Grants and Contributions	-	-	44,500	-
Total Business-Type Activities Program Revenues	<u>2,609,911</u>	<u>3,217,871</u>	<u>3,162,735</u>	<u>3,529,311</u>
Total Primary Government Program Revenues	<u>5,631,096</u>	<u>6,885,651</u>	<u>5,561,955</u>	<u>5,752,163</u>

TABLE 2

2011	2012	2013	2014	2015	2016
\$ 3,267,821	\$ 3,145,186	\$ 2,894,648	\$ 3,247,132	\$ 5,914,432	\$ 8,380,379
5,961,954	6,190,610	6,082,404	6,176,238	6,716,420	6,548,599
2,459,804	2,633,267	2,645,246	2,496,790	2,574,042	2,680,500
173,002	231,477	168,400	194,147	177,765	201,719
731,021	749,670	714,076	883,904	683,723	684,213
<u>12,593,602</u>	<u>12,950,210</u>	<u>12,504,774</u>	<u>12,998,211</u>	<u>16,066,382</u>	<u>18,495,410</u>
3,237,249	2,869,242	2,967,953	3,112,081	3,284,037	3,226,920
188,075	150,435	227,632	495,952	33,563	183,331
<u>380,789</u>	<u>422,827</u>	<u>408,917</u>	<u>398,244</u>	<u>397,259</u>	<u>580,855</u>
<u>3,806,113</u>	<u>3,442,504</u>	<u>3,604,502</u>	<u>4,006,277</u>	<u>3,714,859</u>	<u>3,991,106</u>
<u>16,399,715</u>	<u>16,392,714</u>	<u>16,109,276</u>	<u>17,004,488</u>	<u>19,781,241</u>	<u>22,486,516</u>
387,329	458,595	583,196	68,028	208,017	53,086
497,400	621,369	635,248	734,979	531,948	672,712
405,199	269,836	270,191	220,522	281,317	167,563
58,355	48,986	55,676	58,118	63,496	57,689
92,968	175,935	3,095	15,635	77,500	32,500
-	-	413,886	-	-	-
<u>1,441,251</u>	<u>1,574,721</u>	<u>1,961,292</u>	<u>1,097,282</u>	<u>1,162,278</u>	<u>983,550</u>
3,476,022	3,278,597	3,427,956	3,480,567	3,550,228	3,351,518
-	4,017	2,339	14,922	-	-
602,902	538,236	548,990	550,201	552,245	557,942
-	-	-	-	-	-
<u>4,078,924</u>	<u>3,820,850</u>	<u>3,979,285</u>	<u>4,045,690</u>	<u>4,102,473</u>	<u>3,909,460</u>
<u>5,520,175</u>	<u>5,395,571</u>	<u>5,940,577</u>	<u>5,142,972</u>	<u>5,264,751</u>	<u>4,893,010</u>

(CONTINUED)

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

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<u>Net (Expense) Revenues</u>				
Governmental Activities	\$ (6,124,908)	\$ (5,970,610)	\$ (7,911,389)	\$ (9,342,905)
Business-Type Activities	<u>402,629</u>	<u>363,274</u>	<u>234,185</u>	<u>264,085</u>
Total Primary Government				
Net Expenses	<u>(5,722,279)</u>	<u>(5,607,336)</u>	<u>(7,677,204)</u>	<u>(9,078,820)</u>
 <u>GOVERNMENTAL REVENUES AND OTHER</u>				
<u>CHANGES IN NET POSITION</u>				
<u>Governmental Activities</u>				
Taxes				
Property Taxes	2,309,242	2,551,884	3,031,549	3,542,393
Sales Taxes	4,110,521	4,113,296	4,113,131	5,600,972
Franchise Taxes	631,709	662,237	717,274	810,184
Beverage Taxes	60,625	62,845	77,701	82,225
Occupancy Taxes	209,117	211,669	185,162	156,639
Interest and Investment Earnings	828,381	496,053	137,002	57,975
Sale of Capital Assets	-	-	-	-
Miscellaneous	53,379	131,953	98,183	55,112
Transfers	<u>317,494</u>	<u>320,216</u>	<u>98,570</u>	<u>342,051</u>
Total Governmental Activities	<u>8,520,468</u>	<u>8,550,153</u>	<u>8,458,572</u>	<u>10,647,551</u>
<u>Business-Type Activities</u>				
Unrestricted Grants and Contributions	4,500	-	-	-
Interest and Investment Earnings	54,532	49,538	15,401	4,214
Miscellaneous	1,836	1,356	-	-
Transfers	<u>(317,494)</u>	<u>(320,216)</u>	<u>(98,570)</u>	<u>(342,051)</u>
Total Business-Type Activities	<u>(256,626)</u>	<u>(269,322)</u>	<u>(83,169)</u>	<u>(337,837)</u>
 <u>CHANGES IN NET POSITION</u>				
Governmental Activities	2,395,560	2,579,543	547,183	1,304,646
Business-Type Activities	<u>146,003</u>	<u>93,952</u>	<u>151,016</u>	<u>(73,752)</u>
 TOTAL PRIMARY GOVERNMENT	<u>\$ 2,541,563</u>	<u>\$ 2,673,495</u>	<u>\$ 698,199</u>	<u>\$ 1,230,894</u>

TABLE 2 (CONTINUED)

2011	2012	2013	2014	2015	2016
\$ (11,152,351)	\$ (11,375,489)	\$ (10,543,482)	\$ (11,900,929)	\$ (14,904,104)	\$ (17,511,860)
<u>272,811</u>	<u>378,346</u>	<u>374,783</u>	<u>39,413</u>	<u>387,614</u>	<u>(81,646)</u>
<u>(10,879,540)</u>	<u>(10,997,143)</u>	<u>(10,168,699)</u>	<u>(11,861,516)</u>	<u>(14,516,490)</u>	<u>(17,593,506)</u>
3,631,698	3,657,100	3,728,011	3,877,655	4,770,375	4,816,434
5,883,522	6,200,731	6,265,374	6,512,987	7,413,737	7,742,339
812,004	852,464	818,781	1,060,879	1,179,497	1,170,417
81,905	67,084	74,078	94,889	101,768	112,942
166,460	244,018	345,329	403,004	436,420	540,765
51,499	33,704	58,912	37,346	69,873	162,719
-	-	1,577,767	-	12,209	-
138,072	21,595	18,231	39,380	42,045	41,487
<u>320,338</u>	<u>351,150</u>	<u>272,724</u>	<u>249,785</u>	<u>103,803</u>	<u>116,275</u>
<u>11,085,498</u>	<u>11,427,846</u>	<u>13,159,207</u>	<u>12,275,925</u>	<u>14,129,727</u>	<u>14,703,378</u>
-	-	-	-	-	-
2,941	2,453	2,233	746	1,105	6,410
-	-	-	-	-	-
<u>(320,338)</u>	<u>(351,150)</u>	<u>(272,724)</u>	<u>(249,785)</u>	<u>(103,803)</u>	<u>(116,275)</u>
<u>(317,397)</u>	<u>(348,697)</u>	<u>(270,491)</u>	<u>(249,039)</u>	<u>(102,698)</u>	<u>(109,865)</u>
(66,853)	52,357	2,615,725	374,996	(774,377)	(2,808,482)
<u>(44,586)</u>	<u>29,649</u>	<u>104,292</u>	<u>(209,626)</u>	<u>284,916</u>	<u>(191,511)</u>
<u>\$ (111,439)</u>	<u>\$ 82,006</u>	<u>\$ 2,720,017</u>	<u>\$ 165,370</u>	<u>\$ (489,461)</u>	<u>\$ (2,999,993)</u>

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

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<u>GENERAL FUND</u>				
Reserved	\$ 20,790	\$ 16,678	\$ 73,398	\$ 38,465
Unreserved	7,010,350	7,825,520	8,127,315	8,380,372
Nonspendable:				
Prepaid Items	-	-	-	-
Restricted:				
Weed Abatement	-	-	-	-
Committed:				
Asset Replacement	-	-	-	-
Unassigned:	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL GENERAL FUND	<u>\$ 7,031,140</u>	<u>\$ 7,842,198</u>	<u>\$ 8,200,713</u>	<u>\$ 8,418,837</u>
<u>ALL OTHER GOVERNMENTAL FUNDS</u>				
Reserved	\$ 183,327	\$ 934,274	\$ 783,126	\$ 1,567,597
Unreserved, Reported in:				
Special Revenue Funds	694,538	303,594	274,038	1,980,717
Capital Project Funds*	8,238,013	3,696,883	1,703,372	338,044
Nonspendable:				
Prepaid Items	-	-	-	-
Restricted:				
Special Revenue Funds	-	-	-	-
Debt Service	-	-	-	-
Capital Projects Funds	-	-	-	-
Committed:				
Economic Development	-	-	-	-
Capital Projects Funds	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL ALL OTHER GOVERNMENTAL FUNDS	<u>\$ 9,115,878</u>	<u>\$ 4,934,751</u>	<u>\$ 2,760,536</u>	<u>\$ 3,886,358</u>

Notes:

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

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

TABLE 3

2011	2012	2013	2014	2015	2016
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
15,548	19,307	18,730	10,127	10,022	15,458
17,988	12,323	8,827	10,416	15,465	13,523
1,784,217	1,572,184	1,625,100	1,846,355	1,978,705	1,943,738
<u>6,550,584</u>	<u>6,565,155</u>	<u>6,516,011</u>	<u>6,816,883</u>	<u>7,536,197</u>	<u>8,617,515</u>
<u>\$ 8,368,337</u>	<u>\$ 8,168,969</u>	<u>\$ 8,168,668</u>	<u>\$ 8,683,781</u>	<u>\$ 9,540,389</u>	<u>\$ 10,590,234</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
6,346	1,245	3,495	330	1,030	893
952,753	876,019	2,727,113	2,931,394	1,530,985	1,579,102
306,883	271,763	282,742	279,438	351,067	364,915
-	-	-	10,266,924	8,355,791	3,213,171
948,484	1,029,211	1,251,685	1,506,054	1,701,322	2,162,177
<u>480,357</u>	<u>396,086</u>	<u>598,290</u>	<u>419,239</u>	<u>748,666</u>	<u>928,678</u>
<u>\$ 2,694,823</u>	<u>\$ 2,574,324</u>	<u>\$ 4,863,325</u>	<u>\$ 15,403,379</u>	<u>\$ 12,688,861</u>	<u>\$ 8,248,936</u>

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

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<u>REVENUES</u>				
Taxes	\$ 7,301,639	\$ 7,611,875	\$ 8,115,759	\$ 10,045,969
Fines and Fees	503,053	816,140	580,709	528,495
Permits and Fees	522,866	631,038	258,750	421,730
Service Fees	476,851	412,934	415,268	725,494
Intergovernmental	1,337,605	1,851,807	1,118,038	204,883
Investment Earnings	829,670	496,053	137,002	57,975
Park Donations	-	-	156,713	-
Miscellaneous	<u>53,379</u>	<u>131,953</u>	<u>98,183</u>	<u>161,612</u>
Total Revenues	<u>11,025,063</u>	<u>11,951,800</u>	<u>10,880,422</u>	<u>12,146,158</u>
<u>EXPENDITURES</u>				
General Government	1,518,565	1,789,022	2,093,020	2,438,041
Public Safety	4,100,652	4,174,524	4,375,773	5,015,890
Public Works	1,525,635	1,627,949	1,422,997	1,657,466
Community Services	136,813	157,990	176,890	157,376
Debt Service				
Principal	855,000	890,000	920,000	950,000
Interest and Fiscal Charges	972,946	938,936	905,398	870,673
Capital Projects/Outlay	<u>5,560,798</u>	<u>6,063,664</u>	<u>2,900,614</u>	<u>1,615,326</u>
Total Expenditures	<u>14,670,409</u>	<u>15,642,085</u>	<u>12,794,692</u>	<u>12,704,772</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(3,645,346)</u>	<u>(3,690,285)</u>	<u>(1,914,270)</u>	<u>(558,614)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In	385,267	1,189,938	386,773	1,934,595
Transfers Out	(67,773)	(869,722)	(288,203)	(1,592,544)
Sale of Capital Assets	-	-	-	-
Payment to Escrow Agent	-	-	-	-
Bond Premium	-	-	-	-
Proceeds of Long-Term Financing	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>317,494</u>	<u>320,216</u>	<u>98,570</u>	<u>342,051</u>
NET CHANGE IN FUND BALANCES	<u>\$ (3,327,852)</u>	<u>\$ (3,370,069)</u>	<u>\$ (1,815,700)</u>	<u>\$ (216,563)</u>
Debt Service as a Percentage of Noncapital Expenditures	20.07%	18.87%	18.17%	16.42%

TABLE 4

2011	2012	2013	2014	2015	2016
\$ 10,527,601	\$ 10,963,810	\$ 11,261,773	\$ 11,886,271	\$ 13,939,465	\$ 14,572,639
408,919	385,970	439,717	507,975	470,667	466,763
443,903	323,162	324,816	260,592	329,905	220,009
557,962	500,795	284,374	124,020	126,610	134,278
198,987	378,691	473,950	121,648	213,157	162,500
51,499	33,704	58,912	37,346	69,873	119,548
-	-	-	-	-	-
162,504	25,165	42,780	89,284	76,125	84,658
<u>12,351,375</u>	<u>12,611,297</u>	<u>12,886,322</u>	<u>13,027,136</u>	<u>15,225,802</u>	<u>15,760,395</u>
3,176,380	2,933,418	2,682,625	3,039,743	5,696,385	8,094,497
5,317,197	5,601,217	5,570,275	5,599,405	6,055,839	5,898,901
1,758,536	1,847,754	1,824,433	1,689,321	1,792,428	1,833,522
173,002	231,477	168,400	194,147	178,235	201,719
990,000	1,070,000	1,115,000	1,155,000	1,550,000	1,625,000
784,011	762,438	705,915	934,229	791,505	782,038
1,717,896	1,386,010	431,970	499,420	1,123,191	831,073
<u>13,917,022</u>	<u>13,832,314</u>	<u>12,498,618</u>	<u>13,111,265</u>	<u>17,187,583</u>	<u>19,266,750</u>
<u>(1,565,647)</u>	<u>(1,221,017)</u>	<u>387,704</u>	<u>(84,129)</u>	<u>(1,961,781)</u>	<u>(3,506,355)</u>
1,407,573	1,623,341	1,888,552	1,534,275	2,048,548	1,893,100
(1,087,235)	(1,272,191)	(1,615,828)	(1,284,490)	(1,944,745)	(1,776,825)
-	-	1,628,272	-	68	-
-	-	-	(10,164,455)	-	-
-	-	-	1,538,966	-	-
3,274	550,000	-	19,515,000	-	-
<u>323,612</u>	<u>901,150</u>	<u>1,900,996</u>	<u>11,139,296</u>	<u>103,871</u>	<u>116,275</u>
<u>\$ (1,242,035)</u>	<u>\$ (319,867)</u>	<u>\$ 2,288,700</u>	<u>\$ 11,055,167</u>	<u>\$ (1,857,910)</u>	<u>\$ (3,390,080)</u>
14.54%	14.72%	15.09%	14.43%	14.58%	13.06%

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

TABLE 5

<u>FISCAL YEAR</u>	<u>PROPERTY</u>	<u>SALES AND USE</u>	<u>FRANCHISE</u>	<u>MIXED BEVERAGE</u>	<u>OCCUPANCY</u>	<u>TOTAL REVENUE</u>
2007	\$ 2,317,376	\$ 4,082,812	\$ 631,709	\$ 60,625	\$ 209,117	\$ 7,301,639
2008	2,550,817	4,124,307	662,237	62,845	211,669	7,611,875
2009	3,015,749	4,119,873	717,274	77,701	185,162	8,115,759
2010	3,395,949	5,660,972	810,184	82,225	156,639	10,105,969
2011	3,583,711	5,883,522	812,003	81,905	166,460	10,527,601
2012	3,599,513	6,200,731	852,464	67,084	244,018	10,963,810
2013	3,758,211	6,265,374	818,781	74,078	345,329	11,261,773
2014	3,814,512	6,512,987	1,060,879	94,889	403,004	11,886,271
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

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

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

Source: Muniservices

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

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

TABLE 6

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

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	
2007	\$ 2,360,097	\$ 2,342,774	99.3%	\$ 16,015	\$ 2,358,789	99.9%	\$ 14,859
2008	2,616,658	2,599,429	99.3%	15,221	2,614,650	99.9%	14,045
2009	3,184,637	3,156,003	99.1%	23,710	3,179,713	99.8%	13,392
2010	3,602,995	3,564,494	98.9%	32,892	3,597,386	99.8%	16,203
2011	3,727,705	3,710,594	99.5%	12,481	3,723,075	99.9%	20,734
2012	3,823,938	3,799,510	99.4%	20,583	3,820,093	99.9%	11,762
2013	3,919,285	3,904,807	99.6%	9,016	3,913,823	99.9%	16,300
2014	4,053,449	3,978,852	99.6%	67,533	4,046,385	99.8%	10,352
2015	4,863,092	4,848,896	99.7%	(1,100)	4,847,796	99.7%	11,235
2016	5,069,178	4,990,227	98.4%	-	4,990,227	98.4%	13,076

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
2007	0.250039	0.134961	0.385000	1.6360	1.66900	0.13710	0.016045	0.314147	0.012719	0.243869
2008	0.255248	0.109152	0.364400	1.4100	1.40290	0.13455	0.015951	0.295104	0.031762	0.237408
2009	0.301238	0.103893	0.405131	1.4650	1.40290	0.13586	0.015951	0.289399	0.037467	0.261022
2010	0.350000	0.099369	0.449369	1.4630	1.40290	0.135855	0.015951	0.296187	0.030679	0.266235
2011	0.373790	0.102993	0.476783	1.4630	1.40290	0.141623	0.016652	0.296187	0.030679	0.276235
2012	0.378511	0.098780	0.477291	1.4250	1.42500	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

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>
2007	2006	\$ 357,648,339	\$ 359,785,742	\$ 102,460,249	\$ 614,973,832	0.385000	\$ 717,434,081
2008	2007	422,559,128	410,578,741	110,319,263	722,818,606	0.364400	833,137,869
2009	2008	457,554,075	485,020,811	146,791,505	795,783,381	0.405131	942,574,886
2010	2009	452,807,042	518,243,548	151,480,897	819,569,693	0.449369	971,050,590
2011	2010	444,881,523	508,132,623	158,642,440	794,371,706	0.476783	953,014,146
2012	2011	462,465,883	510,152,136	159,775,982	812,842,037	0.477291	972,618,019
2013	2012	476,696,234	537,299,352	157,838,602	856,156,984	0.463155	1,013,995,586
2014	2013	499,621,822	574,309,145	158,629,313	915,301,654	0.445401	1,073,930,967
2015	2014	560,159,849	586,655,656	178,346,971	968,468,534	0.510000	1,146,815,505
2016	2015	618,580,846	682,811,268	193,678,796	1,107,713,318	0.467691	1,301,392,114

Source: Bexar Appraisal District.

CITY OF LIVE OAK, TEXAS
PRINCIPAL PROPERTY TAXPAYERS
SEPTEMBER 30, 2016
(UNAUDITED)

TABLE 10

<u>TAXPAYER</u>	<u>2015 TAX ROLL</u>		<u>% OF TOTAL ASSESSED VALUATION</u>
	<u>ASSESSED VALUATION</u>	<u>RANK</u>	
Methodist Healthcare System S.A.	\$ 71,969,835	1	6.50%
Randolph Brooks Federal Credit Union	49,604,490	2	4.48%
KRE CC Mira Loma Owner, LLC	41,000,000	3	3.70%
Continental 136 Fund	30,000,000	4	2.71%
Mira Loma LLC	29,600,000	5	2.67%
MBS - Colonnade LTD	28,850,000	6	2.60%
S A Development Company LP	16,441,673	7	1.48%
Jordan Ford, Inc	13,656,810	8	1.23%
Target Corporation	13,144,110	9	1.19%
CBM Broadway LTD A Texas LTD Partnership	13,078,730	10	1.18%
	<u>\$ 307,345,648</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	ACTUAL TAXABLE VALUE OF PROPERTY	PERCENTAGE OF TAXABLE VALUE OF PROPERTY	PERCENTAGE OF PERSONAL INCOME	*PER CAPITA
	GENERAL OBLIGATION BONDS	CERTIFICATES OF OBLIGATION	TAX NOTES	TAX NOTES						
2007	\$ 10,995,000	\$ 9,085,000	\$ -	\$ -	\$ 20,080,000	\$ 614,973,832	3.3%	6.8%	\$ 1,606	
2008	10,535,000	8,655,000	-	-	19,190,000	722,818,606	2.7%	6.5%	1,535	
2009	10,519,041	8,210,000	-	-	18,729,041	795,783,381	2.4%	6.4%	1,390	
2010	10,003,807	7,745,000	-	-	17,748,807	819,569,693	2.2%	5.9%	1,283	
2011	12,735,642	4,010,000	-	-	16,745,642	794,371,706	2.1%	5.3%	1,255	
2012	11,944,203	3,795,000	470,000	485,000	16,694,203	812,842,037	2.1%	5.2%	1,222	
2013	11,112,764	3,570,000	395,000	365,000	15,442,764	856,156,984	1.8%	4.8%	1,144	
2014	23,876,889	765,000	320,000	245,000	25,206,889	915,301,654	2.8%	7.3%	1,709	
2015	22,541,707	520,000	240,000	125,000	23,426,707	968,468,534	2.4%	6.0%	1,550	
2016	21,141,525	265,000	160,000	-	21,566,525	1,107,713,318	1.9%	5.6%	1,405	

Source: Live Oak Annual Budget and Bexar Appraisal District.

*The per capita is derived by dividing the total primary government by the population on Table 14.

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

ASSESSED VALUE	<u>\$ 1,107,713,318</u>
*DEBT LIMIT (10% of ASSESSED VALUE)	<u>\$ 110,771,332</u>
Outstanding Debt	\$ 21,566,525
Less: Amount Set Aside for Repayment of General Obligation Debt	<u>(364,915)</u>
Total Net Debt Applicable to Limit	<u>21,201,610</u>
 ECONOMIC DEBT MARGIN	 <u>\$ 89,569,722</u>

	2007	2008	2009	FISCAL 2010
Debt Limit	\$ 61,497,383	\$ 72,281,861	\$ 79,578,338	\$ 81,956,969
Total Net Debt Applicable to Limit	<u>(19,898,990)</u>	<u>(18,996,178)</u>	<u>(18,044,640)</u>	<u>(17,086,955)</u>
 ECONOMIC DEBT MARGIN	 <u>\$ 41,598,393</u>	 <u>\$ 53,285,683</u>	 <u>\$ 61,533,698</u>	 <u>\$ 64,870,014</u>

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

TABLE 12

<u>YEAR</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
	\$ 79,437,171	\$ 81,284,204	\$ 85,615,698	\$ 91,530,165	\$ 96,846,853	\$ 110,771,332
	<u>(16,178,117)</u>	<u>(16,178,237)</u>	<u>(14,567,258)</u>	<u>(24,682,451)</u>	<u>(23,227,774)</u>	<u>(21,201,610)</u>
	<u>\$ 63,259,054</u>	<u>\$ 65,105,967</u>	<u>\$ 71,048,440</u>	<u>\$ 66,847,714</u>	<u>\$ 73,619,079</u>	<u>\$ 89,569,722</u>

CITY OF LIVE OAK, TEXAS
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
SEPTEMBER 30, 2016
 (UNAUDITED)

TABLE 13

GOVERNMENTAL UNIT	DEBT OUTSTANDING	ESTIMATED PERCENTAGE APPLICABLE*	ESTIMATED SHARE OF OVERLAPPING DEBT
<i>Debt Repaid with Property Taxes:</i>			
Alamo CCD	\$ 464,230,000	0.90%	\$ 3,899,532
Bexar County	1,574,605,000	0.90%	14,958,745
Bexar County Hospital District	695,560,000	0.81%	5,634,036
Judson ISD	421,094,205	9.35%	50,447,086
North East ISD	1,370,275,000	1.11%	<u>15,210,053</u>
Subtotal - Overlapping Debt			90,149,452
City of Live Oak - Direct Debt			<u>21,566,525</u>
TOTAL DIRECT AND OVERLAPPING DEBT			<u>\$ 111,715,977</u>

Source: Municipal Advisory Council of Texas

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

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

TABLE 14

<u>YEAR</u>	<u>POPULATION</u>	<u>PERSONAL INCOME</u> (expressed in 1,000's)	<u>PER CAPITA PERSONAL INCOME</u>	<u>MEDIAN AGE</u>	<u>SCHOOL ENROLLMENT</u>	<u>UNEMPLOYMENT RATE</u>
2007	12,500	\$ 293,750	\$ 23,500	36.5	3,200	3.9%
2008	12,500	293,750	23,500	36.5	3,240	5.1%
2009	13,142	283,696	21,587	34.3	6,298	6.8%
2010	13,500	291,425	21,587	35.3	7,155	7.6%
2011	13,131	310,942	23,680	36.5	7,346	7.0%
2012	13,455	316,300	23,508	35.5	6,849	7.1%
2013	13,301	314,582	23,651	35.5	6,982	5.9%
2014	14,751	345,026	23,390	35.5	6,997	4.7%
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%

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

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

TABLE 15

EMPLOYER	2016			2007*		
	EMPLOYEES	RANK	PERCENTAGE OF TOTAL CITY EMPLOYMENT	EMPLOYEES	RANK	PERCENTAGE OF TOTAL CITY EMPLOYMENT
H-E-B	20,000	1	1.98%	N/A	N/A	N/A
USAA	17,000	2	1.68	N/A	N/A	N/A
Northside ISD	12,751	3	1.26	N/A	N/A	N/A
North East I.S.D.	10,052	4	0.99	N/A	N/A	N/A
City of San Antonio	9,145	5	0.90	N/A	N/A	N/A
Methodist Healthcare System	8,118	6	0.80	N/A	N/A	N/A
San Antonio I.S.D.	7,000	7	0.69	N/A	N/A	N/A
Baptist Health System	6,498	8	0.64	N/A	N/A	N/A
JP Morgan Chase	5,200	9	0.51	N/A	N/A	N/A
Wells Fargo	<u>5,153</u>	10	<u>0.51</u>	N/A	N/A	N/A
TOTALS	<u>100,917</u>		<u>9.98%</u>			

Source: San Antonio Economic Development Foundation.

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

*Information from nine years ago not available.

EMPLOYER	2016	
	EMPLOYEES	RANK
Randolph Brooks Federal Credit Union	1,000	1
NE Methodist Hospital	751	2
Northeast Lakeview College	470	3
Judson ISD	352	4
Target	176	5
Jordan Ford	171	6
Home Depot	163	7
Best Buy	150	8
World Car	125	9
City of Live Oak	<u>119</u>	10
	<u>3,477</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	2007	2008	2009	2010
Police				
Traffic Violations	7,445	6,637	3,302	3,268
Arrests	768	551	591	614
Fire				
Fire Calls	257	228	431	278
EMS Calls	804	904	914	1,102
Inspections	5,268	4,648	3,163	541
Public Works				
Street Resurfacing (Miles)	-	8	2.27	7.40
Sidewalk Construction (Feet)	13,202	11,509	14,092	8,290
Water				
Service Connections	2,540	2,582	2,597	2,537
Average Daily Consumption in Gallons				
Pumpage	1,380,510	1,011,153	997,801	998,507
Billing	1,198,440	1,002,776	989,686	999,608
Average	1,309,777	1,006,964	988,250	999,057
Sewage				
Service Connections	3,890	4,172	4,290	4,270
Average Daily Treatment of Gallons	1,108,869	1,355,748	1,284,610	837,573

Source: Various City Departments

TABLE 16

2011	2012	2013	2014	2015	2016
4,562	4,367	2,425	8,706	5,494	4,110
484	534	545	545	411	305
596	284	373	308	436	594
1,041	1,197	1,166	1,128	1,017	1,011
95	239	206	415	923	1,083
0.50	0.10	-	-	1.16	1.16
5,423	2,890	1,906	155	1,056	1,056
2,611	2,689	2,696	2,731	2,777	2,885
1,076,258	1,042,873	1,057,638	1,026,292	1,226,056	1,386,816
1,090,771	1,029,259	1,039,478	1,015,011	1,037,195	1,236,047
1,083,514	1,036,066	1,048,558	1,533,798	1,131,626	1,311,432
4,435	4,550	4,589	4,710	4,713	4,716
1,245,783	1,134,022	1,203,647	1,266,534	761,108	1,236,046

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

TABLE 17

<u>FUNCTION</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Police										
Stations	1	1	1	1	1	1	1	1	1	4
Officers (Including Reserves)	34	31	35	36	35	35	38	36	35	35
Fire										
Stations	1	1	1	1	1	1	1	1	1	1
Firefighters (Including Reserves)	31	20	20	22	23	22	22	22	22	22
Culture and Recreation										
Community Centers	1	1	1	1	1	1	1	1	1	1
Parks	2	2	3	3	3	3	3	3	3	3
Swimming Pools	1	1	1	1	1	1	1	1	1	1
Public Works										
Miles of Streets	45.20	45.20	45.20	45.20	45.20	45.20	45.20	45.00	45.00	45.47
Water										
Miles of Water Mains	29.0	30.0	30.0	30.0	30.0	35.0	35.0	35.0	35.0	35.0
Number of Hydrants	295	300	435	436	436	436	436	436	440	440
Sewer										
Miles of Sanitary Sewers	42	43	43	43	43	43	43	43	43	43
Feet of Storm Sewers	13,200	13,200	13,200	13,200	13,400	13,400	13,400	13,400	13,400	13,400

Source: Various City Departments

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

TABLE 18

<u>FUNCTION</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
General Government										
Business Office	12	12	11	9	11	12	10	9	9	9
Finance	3	4	4	4	5	5	5	4	4	6
Manager	3	3	3	3	3	3	1	1	1	1
Police										
Officers	31	30	31	32	32	32	32	32	32	32
Civilians	14	14	14	14	15	15	15	15	15	18
Fire										
Civilians	3	1	1	1	1.5	1.5	1.5	1.5	1.5	1
Firefighters and Officers	18	17	20	20	20	20	20	20	20	20
Public Works	14	17	11	12	12	11	10	11	11	7
Development	1	5	3	4	3.5	3.5	3.5	3.5	3.5	4
Parks	6	5	7	6	6	7	7	6	6	6
Water and Sewer	8	8	13	13	13	13	16	16	16	13
Civic Center	-	-	3	3	3	3	3.5	-	-	-
TOTALS	<u>113</u>	<u>116</u>	<u>121</u>	<u>121</u>	<u>120</u>	<u>124.5</u>	<u>124.5</u>	<u>119.0</u>	<u>119.0</u>	<u>117.3</u>

Source: City Annual Budget.

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COMPLIANCE SECTION

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, 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, 2016, 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 14, 2017.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

ABIP, PC

Certified Public Accountants
San Antonio, Texas

February 14, 2017