

CITY OF LIVE OAK, TEXAS  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FISCAL YEAR ENDED SEPTEMBER 30, 2015

Prepared by:  
Finance Department  
Leroy Kowalik, Director of Finance

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## INTRODUCTORY SECTION

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January 26, 2016

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 Principals (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, 2015.

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 Alonzo, Bacarisse, Irvine & Palmer, 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, 2015 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, 2015 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, 2015, the City has a land area of approximately 5.5 square miles and an estimated population of 15,116. The City is empowered to levy a property tax on both real and personal property located within its boundaries.

The City has adopted a Council-Manager form of government. Policy-making and legislative authority are vested in a governing Council that is comprised of a Mayor and five Council members. The Mayor and Council members are all elected at large for a two-year term. Elections are staggered with the Mayor and two Council Members elected together (year 2016) and the three remaining members in 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 and fire protection); residential and commercial solid waste sanitation services (through a franchise agreement with Waste Management), water and wastewater services, public improvements, repair and maintenance of infrastructure, recreational and community activities and general administrative services. Transportation, treatment and disposal of sewage are provided under separate contracts with the San Antonio River Authority, Cibolo Creek Municipal Authority and San Antonio Water System (see Note 9, Commitment and Contingencies, pages 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 20<sup>th</sup> day of the last month of the fiscal year currently ending.

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

## **LOCAL ECONOMY**

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

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

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

The City of Live Oak and surrounding Metrocom area had another prosperous year. Overall, the Metrocom area sustained fiscal stability throughout the struggles of the economy over the last six to seven years. Texas and more precisely, the San Antonio area, has weathered the pitfalls of uncertainties in the economy and continued to perform better than many areas around the nation. The City enjoyed several grand openings of retail and food establishments in 2015 with many more to come in 2016. 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.

Other economic indicators such as the unemployment rate and housing permits have remained positive in this area as compared to the national level. For the most part, the City's residential subdivisions are at build out. A long term nursing facility that specializes in Alzheimer's care is under construction and should open up in 2016. The City also has an apartment complex under construction and should open in 2016. Sales tax receipts throughout the fiscal year saw higher levels than last fiscal year. At year end, sales tax revenue came in way above budget. 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 this past year. Fiscal Year 2016 is anticipated to be another very positive year.

The City sold its Civic Center several years ago with the hopes of turning this property back to retail. Since the sale, the City has enjoyed grand openings of a 54<sup>th</sup> Street Bar and Grill, McAllister's Deli, Burger King and a Starbucks Coffee on this property. A select service Hilton Garden Inn Hotel with a conference center is being constructed on the property adjacent to the old Civic Center property. This facility should open in late February or early March. Several other retail facilities that have either been completed or in construction include the Live Oak Soccer Zone, Taco Bell, Subway and Mo's Southwest Grill.

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

## **LONG-TERM FINANCIAL PLANNING**

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

The City is in constant communications with various developers to look at opportunities for development on several of the City's undeveloped areas. As previously mentioned, the City Council approved the sale of the City's Civic Center property in order to return this property to retail development. The City of Live Oak is proud to say that grand openings of a 54<sup>th</sup> Street Bar and Grill, McAllister's Deli, Burger King and a Starbucks Coffee occurred on this property. A select service Hilton Garden Inn Hotel with a conference center is being constructed on the property adjacent to the old Civic Center property and will be opening its doors for business in early 2016. Several commercial businesses recently opened their doors around the City. There are also four fast casual restaurants going into the Forum Shopping Center in 2016. 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 several 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 2014 budget, Council endorsed a financial policy that would have utilized \$856,772 of reserves to be used for contingencies (\$200,000), capital or capital related purchases (\$363,272) and one-time and/or emergency expenditures (\$293,500).

### **MAJOR INITIATIVES**

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

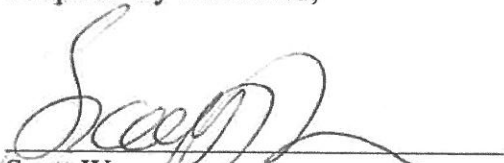
The City Council called for a May 2014 bond election, where three of the four bond proposals passed. Two of the approved proposals call for various street improvements throughout the City and a traffic signal at one of the City's busy intersections. The third proposal calls for lighting around the City's ball fields and a walking trail. Many of these bond projects are well underway, with several of them already completed. The Parks improvement project for the Woodcrest Park is substantially complete with some small improvements being identified for 2016. The Lookout Road rehabilitation project will begin construction in conjunction with the general streets bond project.

## AWARDS AND ACKNOWLEDGEMENTS

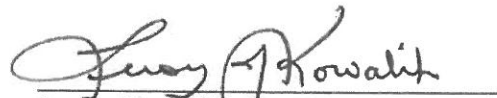
The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Live Oak for its comprehensive annual financial report (CAFR) for the fiscal year ended September 30, 2014. This was the eighth consecutive year that the City received 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, 2014**

Executive Director/CEO

**City of Live Oak  
List of Elected and Appointed Officials  
September 30, 2015**

**Elected Officials**

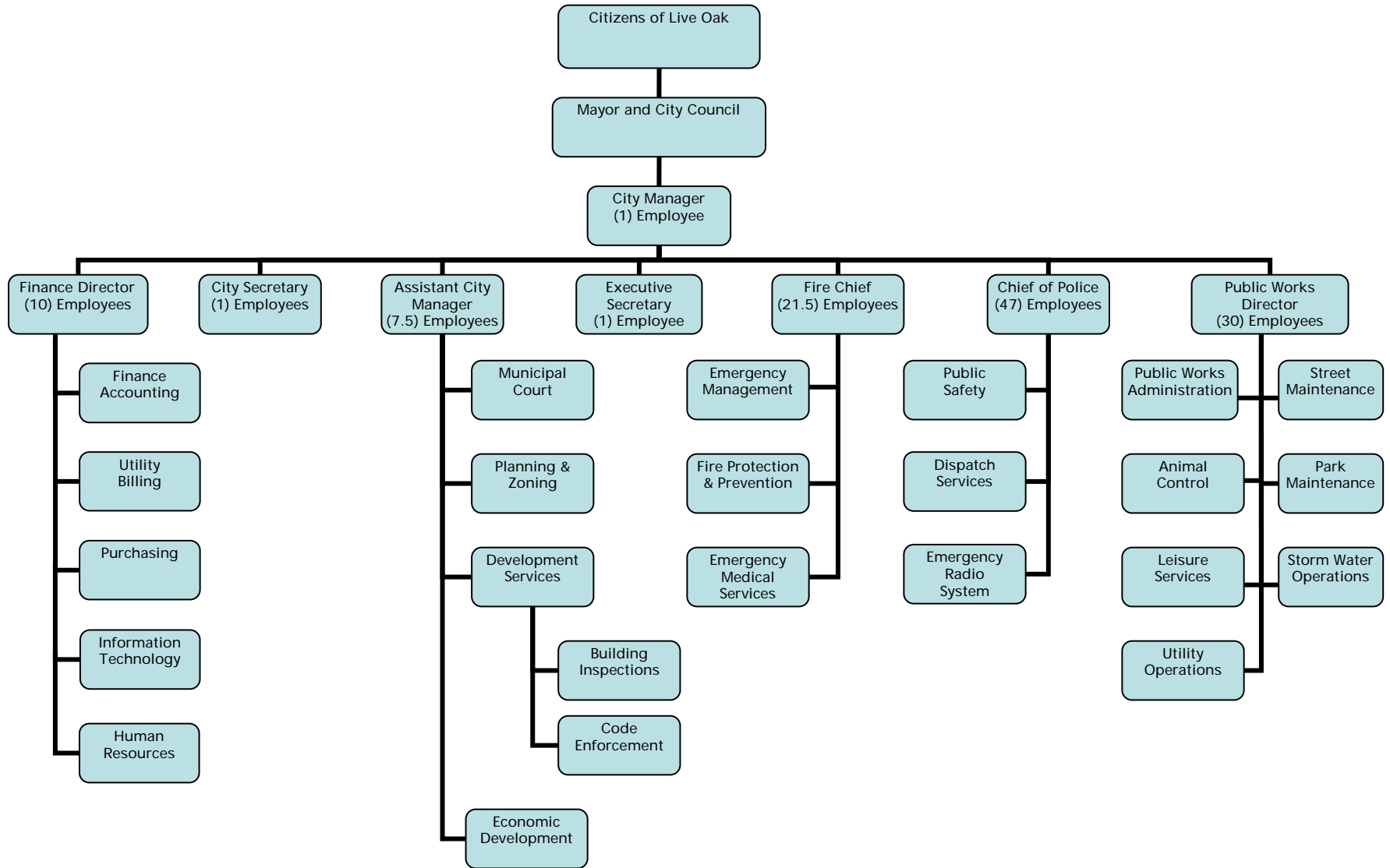
Mayor	Mary M. Dennis
Councilmember Place 1	Mendell D. Morgan
Councilmember Place 2, Mayor Pro-tem	Robert "Bob" Tullgren
Councilmember Place 3	Anthony Brooks
Councilmember Place 4	Ed Cimics
Councilmember Place 5	Aaron Dahl

**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	Kenneth Evans
Fire Chief	Charles Foster
Information Technology Director	Jim Nardone
City Secretary	Deborah Goza
City Auditor	Alonzo, Bacarisse, Irvine & Palmer, P.C.



CITY OF LIVE OAK, TEXAS  
ORGANIZATION CHART  
SEPTEMBER 30, 2015



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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, 2015, 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, 2015, 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.

### Change in Accounting Principle

As described in Note 1 to the financial statements, in 2015, the City adopted new accounting guidance. Government Accounting Standards Board Statement Number 68, *Accounting and Financial Reporting for Pensions*. Our opinion is not modified with respect to this matter.

## 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 January 26, 2016, on our consideration of the City of Live Oak, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Live Oak, Texas' internal control over financial reporting and compliance.

ABIP, PC

Certified Public Accountants  
San Antonio, Texas

January 26, 2016

CITY OF LIVE OAK, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2015

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, 2015. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal which can be found on pages ix-xiii of this report.

FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities at September 30, 2015 by \$24,234,949 (net position). Of this amount \$7,093,382 (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 \$4,679,952. A majority of this decrease is attributable to recording of the net pension liability.
- As of September 30, 2015 the City's governmental funds reported combined ending fund balances of \$22,229,250, a decrease of \$1,857,910.
- The total debt of the City's governmental activities decreased by \$1,682,023 and business-type activities decreased from \$291,426 to \$163,904.

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, (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 63. 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 31-51 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 54-59 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 63-79 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 \$24,234,949 (net position). Of this amount, \$7,093,382 (unrestricted net position) may be used to meet the ongoing obligations to citizens and creditors.

The largest portion of the City’s net position (63%) 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 (29%) is unrestricted while approximately (8%) represents resources that are subject to external restrictions on how they may be used.

#### NET POSITION

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	2015	2014	2015	2014	2015	2014
<b>ASSETS</b>						
Current and Other Assets	\$ 24,579,071	\$ 25,846,023	\$ 2,776,205	\$ 2,950,306	\$ 27,355,276	\$ 28,796,329
Capital Assets	21,680,046	22,379,212	5,334,804	5,270,941	27,014,850	27,650,153
Total Assets	46,259,117	48,225,235	8,111,009	8,221,247	54,370,126	56,446,482
<b>DEFERRED OUTFLOWS</b>	1,235,342	238,528	114,335	-	1,349,677	238,528
<b>LIABILITIES</b>						
Current Liabilities	3,428,937	2,739,639	480,804	619,416	3,909,741	3,359,055
Long-Term Liabilities	26,814,337	24,068,616	651,120	342,438	27,465,457	24,411,054
Total Liabilities	30,243,274	26,808,255	1,131,924	961,854	31,375,198	27,770,109
<b>DEFERRED INFLOWS</b>	97,594	-	12,062	-	109,656	-
<b>NET POSITION</b>						
Net Investment in Capital Assets	10,047,544	7,684,247	5,209,804	5,025,941	15,257,348	12,710,188
Restricted	1,884,219	3,179,395	-	-	1,884,219	3,179,395
Unrestricted	5,221,828	10,791,866	1,871,554	2,233,452	7,093,382	13,025,318
TOTAL NET POSITION	\$ 17,153,591	\$ 21,655,508	\$ 7,081,358	\$ 7,259,393	\$ 24,234,949	\$ 28,914,901

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, 2015, the City's net position decreased by \$4,679,952. A majority of this decrease is attributable to recording of the net pension liability.

The following table indicates changes in net position for the governmental and business-type activities for the City as of September 30, 2015.

CHANGES IN NET POSITION

	<u>GOVERNMENTAL ACTIVITIES</u>		<u>BUSINESS-TYPE ACTIVITIES</u>		<u>TOTAL</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
<u>REVENUES</u>						
Program Revenues						
Charges for Services	\$ 1,084,778	\$ 1,081,647	\$4,102,473	\$4,045,690	\$ 5,187,251	\$ 5,127,337
Operating Grants & Contributions	77,500	15,635	-	-	77,500	15,635
Capital Grants & Contributions	-	-	-	-	-	-
General Revenues						
Property Taxes	4,770,375	3,877,655	-	-	4,770,375	3,877,655
Sales Taxes	7,413,737	6,512,987	-	-	7,413,737	6,512,987
Franchise Taxes	1,179,497	1,060,879	-	-	1,179,497	1,060,879
Beverage Taxes	101,768	94,889	-	-	101,768	94,889
Occupancy Taxes	436,420	403,004	-	-	436,420	403,004
Investment Earnings	69,873	37,346	1,105	746	70,978	38,092
Sale of Capital Assets	12,209	-	-	-	12,209	-
Miscellaneous	42,045	39,380	-	-	42,045	39,380
Total Revenues	<u>15,188,202</u>	<u>13,123,422</u>	<u>4,103,578</u>	<u>4,046,436</u>	<u>19,291,780</u>	<u>17,169,858</u>
<u>EXPENSES</u>						
General Government	5,914,432	3,247,132	-	-	5,914,432	3,247,132
Public Safety	6,716,420	6,176,238	-	-	6,716,420	6,176,238
Public Works	2,574,042	2,496,790	-	-	2,574,042	2,496,790
Community Services	177,765	194,147	-	-	177,765	194,147
Interest on Long-Term Debt	683,723	883,904	-	-	683,723	883,904
Water and Wastewater Utilities	-	-	3,284,037	3,112,081	3,284,037	3,112,081
Utility Development Replacement and Renewal	-	-	33,563	495,952	33,563	495,952
Storm Water Utilities	-	-	397,259	398,244	397,259	398,244
Total Expenses	<u>16,066,382</u>	<u>12,998,211</u>	<u>3,714,859</u>	<u>4,006,277</u>	<u>19,781,241</u>	<u>17,004,488</u>
Increase in Net Position before Transfers	(878,180)	125,211	388,719	40,159	(489,461)	165,370
<u>TRANSFERS</u>	<u>103,803</u>	<u>249,785</u>	<u>(103,803)</u>	<u>(249,785)</u>	<u>-</u>	<u>-</u>
Change in Net Position	(774,377)	374,996	284,916	(209,626)	(489,461)	165,370
<u>NET POSITION AT BEGINNING OF YEAR</u>	<u>21,655,508</u>	<u>21,590,526</u>	<u>7,259,393</u>	<u>7,469,019</u>	<u>28,914,901</u>	<u>29,059,545</u>
<u>RESTATEMENT OF NET POSITION AT BEGINNING OF YEAR</u>	<u>(3,727,540)</u>	<u>(310,014)</u>	<u>(462,951)</u>	<u>-</u>	<u>(4,190,491)</u>	<u>(310,014)</u>
<u>NET POSITION - BEGINNING, AS RESTATED</u>	<u>17,927,968</u>	<u>21,280,512</u>	<u>6,796,442</u>	<u>7,469,019</u>	<u>24,724,410</u>	<u>28,749,531</u>
NET POSITION - ENDING	<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>

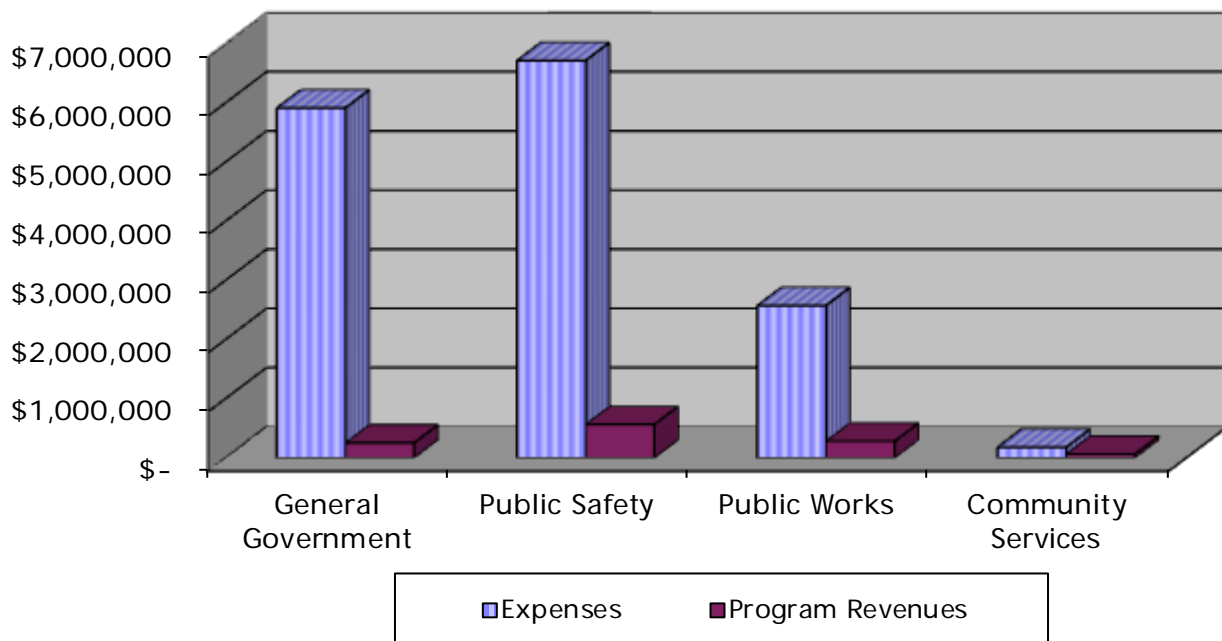
Governmental Activities – Governmental activities decreased the City’s net position by \$4,501,917.

Key elements are as follows:

- Restatement of Net Position (net pension liability) decreased the net position by \$3,727,540
- Expenses for General Government increased by \$2,667,300
- Expenses for Public Safety increased by \$540,182
- Interest on Long-term debt decreased by \$200,181
- Property taxes increased by \$892,720
- Sales taxes increased by \$900,750
- Franchise fees increase by \$118,618
- Transfers in decreased by \$145,982

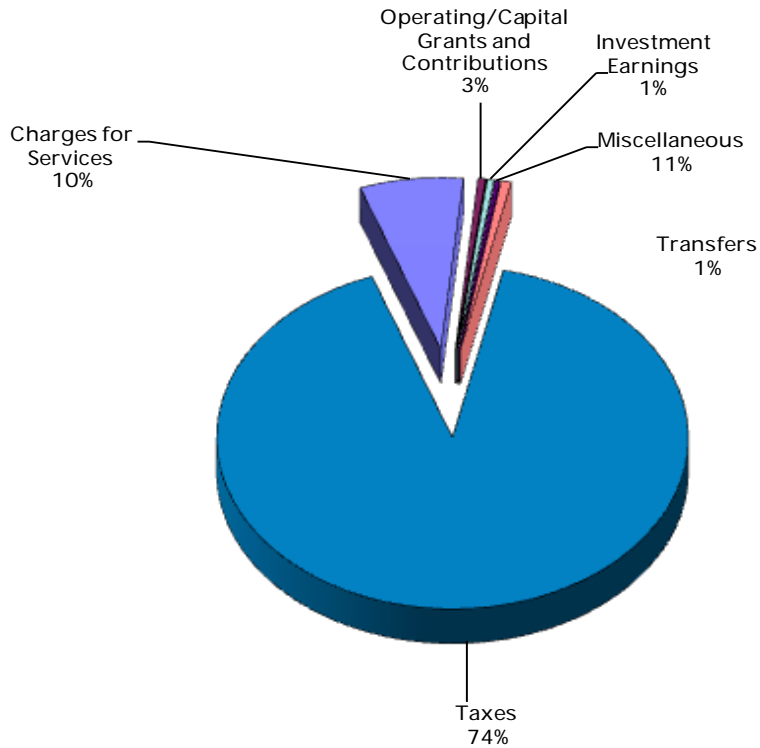
Below is a chart which depicts the expenses and program revenues for all governmental activities.

**EXPENSES AND PROGRAM REVENUES – GOVERNMENTAL ACTIVITIES**

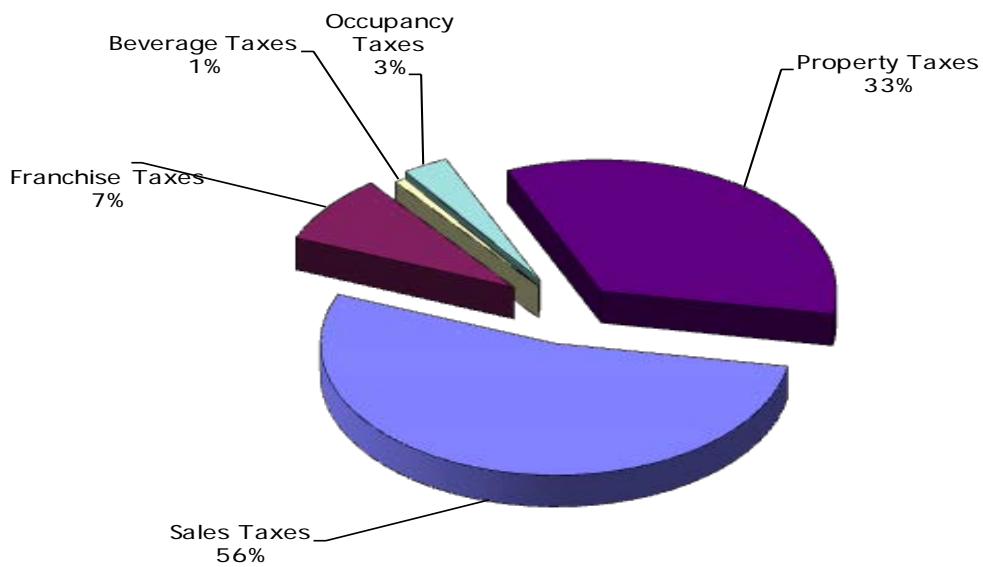


The following charts show first the revenues by source and second the tax revenue by source for all governmental activities.

**REVENUES BY SOURCE - GOVERNMENTAL ACTIVITIES**



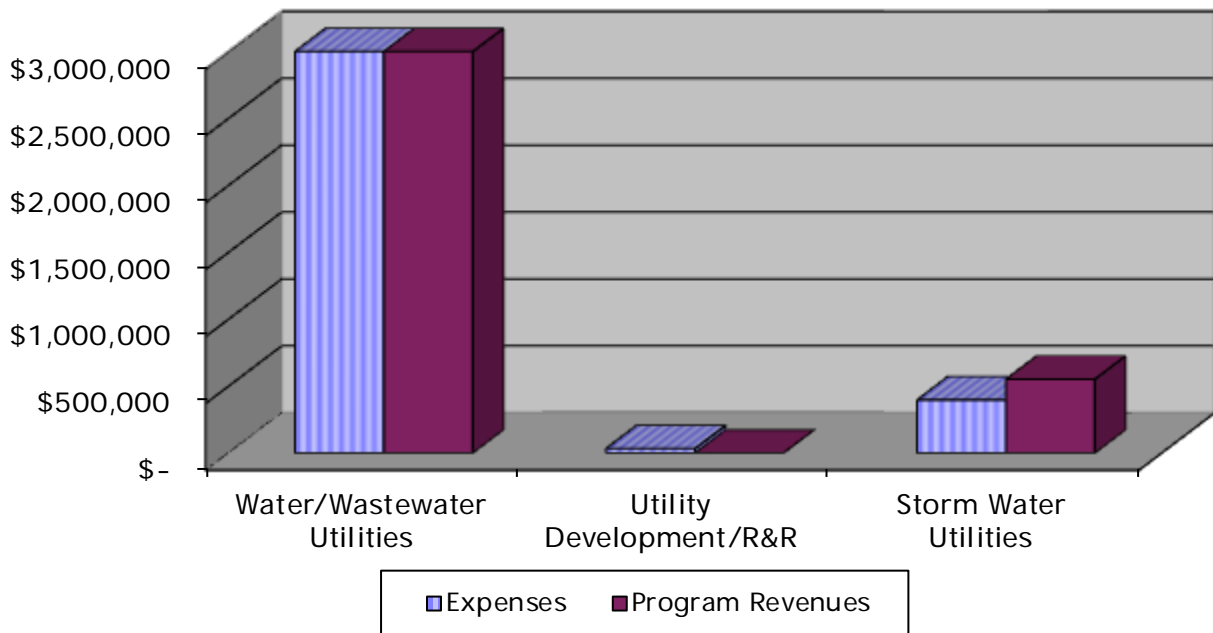
**TAX REVENUE BY SOURCE - GOVERNMENTAL ACTIVITIES**



**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 \$(178,035). This decrease was due primarily to the recording of the net pension liability. A comparison between expenses and program revenues (charges for services) relating to water, wastewater and storm water operations follows. The major revenue source for business-type activities consists almost entirely of charges for services.

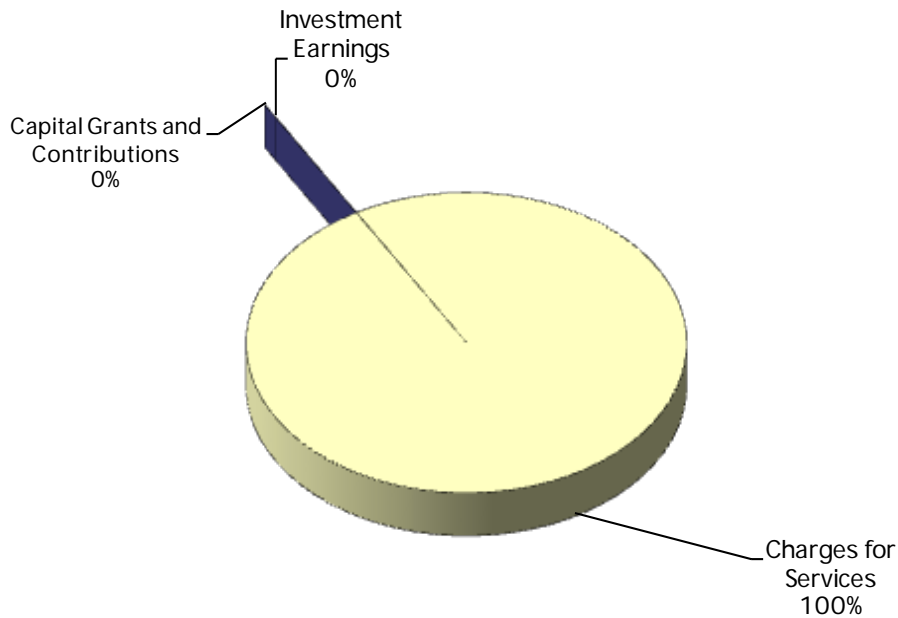
**EXPENSES AND PROGRAM REVENUES - BUSINESS-TYPE ACTIVITIES**



The revenues in the current fiscal year for the business-type activities increased by \$57,142 from 2014. The total expenditures for the business-type activities decreased by \$291,418 from 2014. The primary reason for the increase in revenues is attributable to a slight increase in water and sewer sales. The primary reason for the decrease in expenditures from 2014 was attributable to a tank painting project that was funded in 2014.

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 \$22,229,250, a decrease of approximately \$1,857,910 from the prior year. This decrease is due primarily to the increase in expenditures on our 2014 bond projects and a contractual incentive payment for the new Live Oak Conference Center. \$7,536,197 (33.90%) of the ending fund balance is unassigned, which is available for spending at the City's discretion. The remaining amount of \$14,693,053 (66.10%) 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 \$7,536,197 compared to \$6,816,883 in 2014, an increase of \$719,314. This increase was primarily attributable to increased collections of property, sales, and franchise taxes, as well as, several personnel vacancies that occurred throughout the year. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures.

The Economic Development Corporation Fund is used to account for the receipt and disbursement of Section 4B sales tax. At the end of the current fiscal year, the committed fund balance in this fund was \$1,701,322, an increase of \$195,268. 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 \$8,355,791, a decrease of 1,911,133 from fiscal year 2014.

The debt service fund had a total restricted fund balance of \$351,067 at the end of the current fiscal year. The total fund balance is restricted for the payment of debt service. The net increase was \$71,629 in fund balance from 2014.

**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 \$1,871,554 or 50.4% of annual operating and non-operating expenses for the funds.

#### BUDGETARY HIGHLIGHTS

General Fund – Differences between the original budget and the final amended budget amounted to no overall net change in fund balance; although there were several approved budget amendments during the 2015 fiscal year. The primary changes were as follows:

- \$161,000 - Decrease of City Council contingencies.
- \$161,000 - Increase of Transfers Out.
- \$ 25,875 - Increase to various City Manager accounts.
- \$ 5,900 - Increase to various Finance Department accounts.
- \$ 31,775 - Decrease to various Planning and Zoning accounts.
- \$ 9,000 - Increase to Park Maintenance construction and maintenance account.
- \$ 10,000 - Increase to Animal Control supplies and professional fees.
- \$ 19,000 - Decrease to Public Works contingencies.

During the year, revenues were more than budgetary estimates by \$865,239 and expenditures were less than budgetary estimates by \$809,949.

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

- \$865,239 over budget in total revenues
  - Sales Tax – exceeded the budget by \$689,788 due to a better economic environment and growth.
  - Franchise Taxes – exceeded the budget by \$182,480 primarily because of better than expected growth recognized throughout the City.
  - Beverage Taxes – exceeded the budget by \$21,768 due to additional commercial establishments opening up.
  - Permits and Fees – were less than budgeted by \$45,545 because of some minor delays in development startup.
  - Investment Earnings – were less than budgeted by \$18,315 because of lower interest rates due to the economy.
  - Intergovernmental – exceeded budget by \$28,657 due to a slight increase in dispatch service fees.
- \$809,949 under budget in total expenditures
  - General Government –
    - Council – did not utilize the contingency budget.
    - City Secretary – professional fees and property and liability insurance came in lower than expected.
    - Municipal Court – professional fees came in lower than expected.
    - Finance and Emergency Management – expenditures for various accounts came in lower than expected such as professional fees.
    - Planning and Zoning – expenditures came in lower due to reorganization.
    - Information Technology – expenditures came in lower due to a personnel vacancy and some minor reorganization.
    - Development Services – expenditures for contract building inspections came in lower than expected and a personnel vacancy due to reorganization.
  - Public Works – primarily due to personnel vacancies, lower than anticipated petroleum costs and utilities, some unspent emergency contingencies in streets and public works and other various savings.
  - Public Safety – primarily due to several personnel vacancies.
  - Community Services – primarily due to lower supplies, maintenance and utility costs and unspent recreational capital.
  - Capital Outlay – some capital assets purchases were either deferred or purchased at a lower cost.

#### CAPITAL ASSET AND DEBT ADMINISTRATION

**Capital Assets** – The City’s investment in capital assets for its governmental and business-type activities as of September 30, 2015 amounted to \$27,014,850 (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 2.3%.

At the end of fiscal year 2015, 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 decreased its construction in progress.



The following table shows capital asset activity for the 2015 fiscal year with comparison for 2014. 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	
	2015	2014	2015	2014	2015	2014
<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	717,891	583,531	1,364,912	1,230,552
Construction in Progress	155,889	237,616	-	-	155,889	237,616
Total Capital Assets - not Depreciated	<u>2,009,304</u>	<u>2,091,031</u>	<u>726,661</u>	<u>592,301</u>	<u>2,735,965</u>	<u>2,683,332</u>
<u>Capital Assets - Depreciated</u>						
Buildings and Improvements	13,527,859	12,935,772	-	-	13,527,859	12,935,772
Streets and Improvements	14,000,214	13,814,506	-	-	14,000,214	13,814,506
Machinery and Equipment	7,032,843	6,683,181	1,596,661	1,368,184	8,629,504	8,051,365
Water and Wastewater System	-	-	9,800,082	9,800,082	9,800,082	9,800,082
Total Capital Assets - Depreciated	<u>34,560,916</u>	<u>33,433,459</u>	<u>11,396,743</u>	<u>11,168,266</u>	<u>45,957,659</u>	<u>44,601,725</u>
Less: Accumulated Depreciation	<u>(14,890,174)</u>	<u>(13,145,278)</u>	<u>(6,788,600)</u>	<u>(6,489,626)</u>	<u>(21,678,774)</u>	<u>(19,634,904)</u>
CAPITAL ASSETS - NET	<u>\$21,680,046</u>	<u>\$22,379,212</u>	<u>\$5,334,804</u>	<u>\$5,270,941</u>	<u>\$27,014,850</u>	<u>\$27,650,153</u>

**Long-Term Debt** – At the end of the current fiscal year, the City had total bonded debt outstanding of \$21,770,000. This amount is backed by the full faith and credit of the City. The City's total debt decreased approximately \$1,670,000, or 7%, during the fiscal year.

	2015	2014
Certificates of Obligation, Series 2005	\$ 520,000	765,000
General Obligation Refunding Bonds, Series 2010	2,305,000	2,595,000
Tax Notes, Series 2012	365,000	565,000
General Obligation and Refunding Bonds, Series 2014	18,580,000	19,515,000

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 2015 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. 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. 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 2015 was \$0.510000 per \$100 valuation, an increase of \$0.064599 from 2014. Of this tax rate, \$0.356363 is utilized for general fund activities. The remaining amount of \$0.153637 is used for debt service. The majority of the increase, \$0.064596 was because of the debt service requirement from the 2014 Bond issue. The City's portion of the sales tax rate is one and one-half cents, with an additional half cent for economic development. The general fund receives one and one-half cent with a half cent as an instrument of property tax reduction.

The City of Live Oak and surrounding Metrocom area had another prosperous year. Overall, the Metrocom area sustained fiscal stability throughout the struggles of the economy over the last six to seven years. Texas and more precisely, the San Antonio area, has weathered the pitfalls of uncertainties in the economy and continued to perform better than many areas around the nation. The City enjoyed several grand openings of retail and food establishments in 2015 with many more to come in 2016. 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.

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

#### REQUESTS FOR INFORMATION

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

## **BASIC FINANCIAL STATEMENTS**

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

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

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

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CITY OF LIVE OAK, TEXAS  
STATEMENT OF NET POSITION  
SEPTEMBER 30, 2015

	<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS-TYPE ACTIVITIES</u>	<u>TOTAL</u>
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 12,872,932	\$ 2,239,013	\$ 15,111,945
Investments	9,745,618	-	9,745,618
Receivables - Net of Allowances for Uncollectibles:			
Taxes	1,257,067	-	1,257,067
Customer Accounts	617,857	496,644	1,114,501
Due from Other Governments	58,000	40,548	98,548
Prepaid Items	11,052	-	11,052
Accrued Interest	16,545	-	16,545
Capital Assets			
Land	1,206,394	8,770	1,215,164
Water Rights	647,021	717,891	1,364,912
Buildings and Improvements	13,527,859	-	13,527,859
Streets and Improvements	14,000,214	-	14,000,214
Machinery and Equipment	7,032,843	1,596,661	8,629,504
Water and Wastewater System	-	9,800,082	9,800,082
Construction in Progress	155,889	-	155,889
Less: Accumulated Depreciation	<u>(14,890,174)</u>	<u>(6,788,600)</u>	<u>(21,678,774)</u>
TOTAL ASSETS	<u>46,259,117</u>	<u>8,111,009</u>	<u>54,370,126</u>
<u>DEFERRED OUTFLOW OF RESOURCES</u>			
Deferred Outflows Related to Pension	1,018,082	114,335	1,132,417
Deferred Charge on Bond Refunding	<u>217,260</u>	<u>-</u>	<u>217,260</u>
TOTAL DEFERRED OUTFLOW OF RESOURCES	<u>1,235,342</u>	<u>114,335</u>	<u>1,349,677</u>
<u>LIABILITIES</u>			
Accounts Payable	1,310,993	201,595	1,512,588
Accrued Liabilities	170,772	19,715	190,487
Unearned Revenue	3,106	-	3,106
Customer Deposits	-	124,768	124,768
Accrued Interest Payable	130,305	-	130,305
Noncurrent Liabilities			
Due Within One Year	1,813,761	134,726	1,948,487
Due in More than One Year	21,782,261	29,178	21,811,439
Net Pension Liability	<u>5,032,076</u>	<u>621,942</u>	<u>5,654,018</u>
Total Liabilities	<u>30,243,274</u>	<u>1,131,924</u>	<u>31,375,198</u>
<u>DEFERRED INFLOW OF RESOURCES</u>			
Deferred Inflows Related to Pension	<u>97,594</u>	<u>12,062</u>	<u>109,656</u>
<u>NET POSITION</u>			
Net Investment in Capital Assets	10,047,544	5,209,804	15,257,348
Restricted			
Weed Abatement	15,465	-	15,465
Hotel Occupancy	1,030,255	-	1,030,255
Court Security and Technology	158,921	-	158,921
Forfeiture	3,183	-	3,183
Child Safety	69,375	-	69,375
Emergency Radio System	112,287	-	112,287
Public Education	143,666	-	143,666
Debt Service	351,067	-	351,067
Unrestricted	<u>5,221,828</u>	<u>1,871,554</u>	<u>7,093,382</u>
Total Net Position	<u>\$ 17,153,591</u>	<u>\$ 7,081,358</u>	<u>\$ 24,234,949</u>

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

**CITY OF LIVE OAK, TEXAS**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED SEPTEMBER 30, 2015**

FUNCTIONS AND PROGRAMS	EXPENSES	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<u>Governmental Activities</u>							
General Government	\$ 5,914,432	\$ 208,017	\$ 45,000	\$ -	\$ (5,661,415)	\$ -	\$ (5,661,415)
Public Safety	6,716,420	531,948	32,500	-	(6,151,972)	-	(6,151,972)
Public Works	2,574,042	281,317	-	-	(2,292,725)	-	(2,292,725)
Community Services	177,765	63,496	-	-	(114,269)	-	(114,269)
Interest on Long-Term Debt	683,723	-	-	-	(683,723)	-	(683,723)
Total Governmental Activities	16,066,382	1,084,778	77,500	-	(14,904,104)	-	(14,904,104)
<u>Business-Type Activities</u>							
Water and Wastewater Utilities	3,284,037	3,550,228	-	-	-	266,191	266,191
Utility Development							
Replacement and Renewal	33,563	-	-	-	-	(33,563)	(33,563)
Storm Water Fund	397,259	552,245	-	-	-	154,986	154,986
Total Business-Type Activities	3,714,859	4,102,473	-	-	-	387,614	387,614
Total Government	\$ 19,781,241	\$ 5,187,251	\$ 77,500	\$ -	(14,904,104)	387,614	(14,516,490)
<u>General Revenues</u>							
Taxes:							
Property Taxes					4,770,375	-	4,770,375
Sales Taxes					7,413,737	-	7,413,737
Franchise Taxes					1,179,497	-	1,179,497
Beverage Taxes					101,768	-	101,768
Occupancy Tax					436,420	-	436,420
Investment Earnings					69,873	1,105	70,978
Sale of Capital Assets					12,209	-	12,209
Miscellaneous					42,045	-	42,045
Transfers					103,803	(103,803)	-
Total General Revenues and Transfers					14,129,727	(102,698)	14,027,029
Change in Net Position					(774,377)	284,916	(489,461)
Net Position at Beginning of Year					21,655,508	7,259,393	28,914,901
Restatement of Net Position at Beginning of Year					(3,727,540)	(462,951)	(4,190,491)
Net Position at Beginning of Year, as Restated					17,927,968	6,796,442	24,724,410
NET POSITION AT END OF YEAR					\$ 17,153,591	\$ 7,081,358	\$ 24,234,949

**CITY OF LIVE OAK, TEXAS**  
**BALANCE SHEET – GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2015**

	GENERAL	ECONOMIC DEVELOPMENT CORPORATION	2014 GENERAL OBLIGATION BOND FUND	DEBT SERVICE FUND	OTHER NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>ASSETS</b>						
Cash and Cash Equivalents	\$ 1,230,160	\$ 289,205	\$ 8,819,649	\$ 351,067	\$ 2,182,851	\$ 12,872,932
Investments	8,465,843	1,279,775	-	-	-	9,745,618
Receivables - Net of Allowances for Uncollectibles						
Property Taxes	32,665	-	-	10,317	-	42,982
Sales Taxes	910,564	303,521	-	-	-	1,214,085
Occupancy Taxes	-	-	-	-	-	-
Other	465,240	1,873	13,775	-	136,969	617,857
Due from Other Governments	-	-	-	-	58,000	58,000
Due from Other Funds	45,000	-	-	-	-	45,000
Accrued Interest	16,008	537	-	-	-	16,545
Prepaid Items	10,022	1,030	-	-	-	11,052
<b>TOTAL ASSETS</b>	<b><u>\$ 11,175,502</u></b>	<b><u>\$ 1,875,941</u></b>	<b><u>\$ 8,833,424</u></b>	<b><u>\$ 361,384</u></b>	<b><u>\$ 2,377,820</u></b>	<b><u>\$ 24,624,071</u></b>
<b>LIABILITIES</b>						
Accounts Payable	\$ 770,678	\$ 9,532	\$ 477,633	\$ -	\$ 53,150	\$ 1,310,993
Accrued Liabilities	168,946	1,807	-	-	19	170,772
Due to Other Funds	-	-	-	-	45,000	45,000
Unearned Revenue	3,106	-	-	-	-	3,106
<b>Total Liabilities</b>	<b><u>942,730</u></b>	<b><u>11,339</u></b>	<b><u>477,633</u></b>	<b><u>-</u></b>	<b><u>98,169</u></b>	<b><u>1,529,871</u></b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unearned Revenue - Taxes	692,383	162,250	-	10,317	-	864,950
<b>FUND BALANCES</b>						
Nonspendable						
Prepaid Items	10,022	1,030	-	-	-	11,052
Restricted						
Special Revenue Funds	-	-	-	-	1,530,985	1,530,985
Weed Abatement	15,465	-	-	-	-	15,465
Debt Service	-	-	-	351,067	-	351,067
Capital Projects Funds	-	-	8,355,791	-	-	8,355,791
Committed						
Asset Replacement	1,978,705	-	-	-	-	1,978,705
Economic Development	-	1,701,322	-	-	-	1,701,322
Capital Projects Funds	-	-	-	-	748,666	748,666
Unassigned	7,536,197	-	-	-	-	7,536,197
<b>Total Fund Balances</b>	<b><u>9,540,389</u></b>	<b><u>1,702,352</u></b>	<b><u>8,355,791</u></b>	<b><u>351,067</u></b>	<b><u>2,279,651</u></b>	<b><u>22,229,250</u></b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b><u>\$ 11,175,502</u></b>	<b><u>\$ 1,875,941</u></b>	<b><u>\$ 8,833,424</u></b>	<b><u>\$ 361,384</u></b>	<b><u>\$ 2,377,820</u></b>	<b><u>\$ 24,624,071</u></b>

CITY OF LIVE OAK, TEXAS  
RECONCILIATION OF BALANCE SHEET  
GOVERNMENTAL FUNDS TO STATEMENT OF NET POSITION  
SEPTEMBER 30, 2015

<u>TOTAL FUND BALANCES – GOVERNMENTAL FUNDS</u>	\$	22,229,250
<p>Amounts reported for governmental activities in the statement of net assets are different because:</p>		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		21,680,046
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.		1,883,032
Other long-term liabilities are not due and payable in the current period expenditures and, therefore, are deferred in the funds.		(97,594)
<p>Long-term liabilities are not due and payable in the current period and therefore, not reported in the funds:</p>		
Bonds Payable	\$ (21,645,000)	
Premium on Bonds Sold	(1,656,707)	
Compensated Absences	(294,315)	
Accrued Interest on Bonds	(130,305)	
Loss on Refunding	217,260	
Pension Benefit Obligation	<u>(5,032,076)</u>	<u>(28,541,143)</u>
 TOTAL NET POSITION OF GOVERNMENTAL ACTIVITIES		 <u>\$ 17,153,591</u>



CITY OF LIVE OAK, TEXAS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
GOVERNMENTAL FUNDS  
YEAR ENDED SEPTEMBER 30, 2015

	GENERAL	ECONOMIC DEVELOPMENT CORPORATION	2014 GENERAL OBLIGATION BOND FUND	DEBT SERVICE FUND	OTHER NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<u>REVENUES</u>						
Property Taxes	\$ 3,393,444	\$ -	\$ -	\$ 1,414,599	\$ -	\$ 4,808,043
Sales Taxes	5,560,303	1,853,434	-	-	-	7,413,737
Franchise Taxes	1,139,480	-	-	-	40,017	1,179,497
Beverage Taxes	101,768	-	-	-	-	101,768
Occupancy Taxes	-	-	-	-	436,420	436,420
Fines and Fees	430,344	-	-	-	40,323	470,667
Permits and Fees	329,905	-	-	-	-	329,905
Service Fees	88,926	-	-	-	37,684	126,610
Intergovernmental	135,657	-	-	-	77,500	213,157
Investment Earnings	56,685	7,196	5,033	175	784	69,873
Miscellaneous	76,125	-	-	-	-	76,125
Total Revenues	<u>11,312,637</u>	<u>1,860,630</u>	<u>5,033</u>	<u>1,414,774</u>	<u>632,728</u>	<u>15,225,802</u>
<u>EXPENDITURES</u>						
Current						
General Government	2,342,610	194,167	1,288,496	-	1,871,112	5,696,385
Public Safety	5,825,714	-	-	-	230,125	6,055,839
Public Works	1,791,012	-	-	-	1,416	1,792,428
Community Services	178,235	-	-	-	-	178,235
Debt Service						
Principal	-	-	-	1,550,000	-	1,550,000
Interest and Fiscal Charges	-	-	-	791,505	-	791,505
Capital Outlay	353,355	-	627,670	-	142,166	1,123,191
Total Expenditures	<u>10,490,926</u>	<u>194,167</u>	<u>1,916,166</u>	<u>2,341,505</u>	<u>2,244,819</u>	<u>17,187,583</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>821,711</u>	<u>1,666,463</u>	<u>(1,911,133)</u>	<u>(926,731)</u>	<u>(1,612,091)</u>	<u>(1,961,781)</u>
<u>OTHER FINANCING SOURCES (USES)</u>						
Transfers In	482,647	-	-	998,360	567,541	2,048,548
Transfers Out	(447,750)	(1,470,495)	-	-	(26,500)	(1,944,745)
Sale of Asset	-	-	-	-	68	68
Total Other Financing Sources (Uses)	<u>34,897</u>	<u>(1,470,495)</u>	<u>-</u>	<u>998,360</u>	<u>541,109</u>	<u>103,871</u>
Net Change in Fund Balance	856,608	195,968	(1,911,133)	71,629	(1,070,982)	(1,857,910)
<u>FUND BALANCES AT BEGINNING OF YEAR</u>						
	<u>8,683,781</u>	<u>1,506,384</u>	<u>10,266,924</u>	<u>279,438</u>	<u>3,350,633</u>	<u>24,087,160</u>
FUND BALANCES AT END 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>

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, 2015

NET CHANGE IN FUND BALANCES – GOVERNMENTAL FUNDS \$ (1,857,910)

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	\$ 1,123,191	
Current Period Depreciation	<u>(1,822,357)</u>	(699,166)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (37,668)

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	1,550,000	
Premium on Issuance	<u>110,182</u>	1,660,182

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

Loss on Refunding	(21,268)	
Compensated Absences	21,841	
Accrued Interest	18,868	
Net Pension Liability	<u>140,744</u>	<u>160,185</u>

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ (774,377)

**CITY OF LIVE OAK, TEXAS**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**SEPTEMBER 30, 2015**

	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	\$ 696,811	\$ 600,598	\$ 941,604	\$ 2,239,013
Accounts Receivable, Net of Allowance				
Customer Accounts	432,934	63,710	-	496,644
Due from Other Governments	30,278	10,270	-	40,548
Total Current Assets	<u>1,160,023</u>	<u>674,578</u>	<u>941,604</u>	<u>2,776,205</u>
<u>NONCURRENT ASSETS</u>				
Capital Assets				
Land	8,770	-	-	8,770
Water Rights	717,891	-	-	717,891
Machinery and Equipment	1,405,070	191,591	-	1,596,661
Water and Wastewater System	9,800,082	-	-	9,800,082
Less: Accumulated Depreciation	<u>(6,728,853)</u>	<u>(59,747)</u>	<u>-</u>	<u>(6,788,600)</u>
Total Noncurrent Assets	<u>5,202,960</u>	<u>131,844</u>	<u>-</u>	<u>5,334,804</u>
 TOTAL ASSETS	 <u>6,362,983</u>	 <u>806,422</u>	 <u>941,604</u>	 <u>8,111,009</u>
<u>DEFERRED OUTFLOW OF RESOURCES</u>				
Deferred Outflow - Pension	<u>74,318</u>	<u>40,017</u>	<u>-</u>	<u>114,335</u>
<u>LIABILITIES AND NET POSITION</u>				
<u>CURRENT LIABILITIES</u>				
Accounts Payable	159,822	19,612	22,161	201,595
Accrued Liabilities	13,241	6,474	-	19,715
Customer Deposits	124,768	-	-	124,768
Compensated Absences	7,671	2,055	-	9,726
Tax Notes Payable within One Year	125,000	-	-	125,000
Total Current Liabilities	<u>430,502</u>	<u>28,141</u>	<u>22,161</u>	<u>480,804</u>
<u>NONCURRENT LIABILITIES</u>				
Pension Benefit Liability	404,262	217,680	-	621,942
Compensated Absences	23,014	6,164	-	29,178
Total Noncurrent Liabilities	<u>427,276</u>	<u>223,844</u>	<u>-</u>	<u>651,120</u>
 Total Liabilities	 <u>857,778</u>	 <u>251,985</u>	 <u>22,161</u>	 <u>1,131,924</u>
<u>DEFERRED INFLOW OF RESOURCES</u>				
Deferred Inflow - Pension	<u>7,840</u>	<u>4,222</u>	<u>-</u>	<u>12,062</u>
<u>NET POSITION</u>				
Net Investment in Capital Assets	5,077,960	131,844	-	5,209,804
Unrestricted	<u>493,723</u>	<u>458,388</u>	<u>919,443</u>	<u>1,871,554</u>
Total Net Position	<u>5,571,683</u>	<u>590,232</u>	<u>919,443</u>	<u>7,081,358</u>
 TOTAL LIABILITIES AND NET POSITION	 <u>\$ 6,429,461</u>	 <u>\$ 842,217</u>	 <u>\$ 941,604</u>	 <u>\$ 8,213,282</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, 2015

	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	\$ 2,671,618	\$ -	\$ -	\$ 2,671,618
Garbage Collection	584,626	-	-	584,626
Application and Connection Fees	239,573	-	-	239,573
Penalties and Fines	45,658	-	-	45,658
Miscellaneous Income	8,753	-	-	8,753
Stormwater Utility Fee	-	552,245	-	552,245
Total Operating Revenues	<u>3,550,228</u>	<u>552,245</u>	<u>-</u>	<u>4,102,473</u>
<u>OPERATING EXPENSES</u>				
Personnel	704,472	251,558	-	956,030
Supplies	115,508	16,520	4,483	136,511
Conferences and Training	1,902	-	-	1,902
Repairs and Maintenance	21,549	52,638	29,080	103,267
Utilities and Telephone	137,582	2,731	-	140,313
Insurance	13,953	-	-	13,953
Service Administration	226,089	49,521	-	275,610
Service Operating	1,758,344	-	-	1,758,344
Miscellaneous	694	194	-	888
Depreciation	300,450	24,097	-	324,547
Total Operating Expenses	<u>3,280,543</u>	<u>397,259</u>	<u>33,563</u>	<u>3,711,365</u>
Operating Income (Loss)	<u>269,685</u>	<u>154,986</u>	<u>(33,563)</u>	<u>391,108</u>
<u>NONOPERATING REVENUES (EXPENSES)</u>				
Interest Expense	(3,494)	-	-	(3,494)
Investment Earnings	352	291	462	1,105
Total Nonoperating Revenues (Expenses)	<u>(3,142)</u>	<u>291</u>	<u>462</u>	<u>(2,389)</u>
Net Income (Loss) before Transfers	266,543	155,277	(33,101)	388,719
Transfer In	417,376	13,919	270,000	701,295
Transfer Out	(563,557)	(106,519)	(135,022)	(805,098)
Change in Net Position	120,362	62,677	101,877	284,916
<u>NET POSITION AT BEGINNING OF YEAR</u>	<u>5,751,988</u>	<u>689,839</u>	<u>817,566</u>	<u>7,259,393</u>
<u>RESTATEMENT OF BEGINNING NET POSITION</u>	<u>(300,667)</u>	<u>(162,284)</u>	<u>-</u>	<u>(462,951)</u>
<u>NET POSITION AT BEGINNING OF YEAR, RESTATED</u>	<u>5,451,321</u>	<u>527,555</u>	<u>817,566</u>	<u>6,796,442</u>
NET POSITION AT END OF YEAR	<u>\$ 5,571,683</u>	<u>\$ 590,232</u>	<u>\$ 919,443</u>	<u>\$ 7,081,358</u>

CITY OF LIVE OAK, TEXAS  
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS  
YEAR ENDED SEPTEMBER 30, 2015

	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	\$ 3,498,727	\$ 542,555	\$ -	\$ 4,041,282
Cash Paid to Employees for Services	(707,339)	(259,991)	-	(967,330)
Cash Paid to Supplier for Goods and Services	<u>(2,274,853)</u>	<u>(114,941)</u>	<u>(299,916)</u>	<u>(2,689,710)</u>
Net Cash Provided by (Used in)				
Operating Activities	<u>516,535</u>	<u>167,623</u>	<u>(299,916)</u>	<u>384,242</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED</u>				
<u>FINANCING ACTIVITIES</u>				
Principal Paid on Tax Notes	(120,000)	-	-	(120,000)
Interest Paid on Tax Notes	(3,494)	-	-	(3,494)
Purchase/Construction of Capital Assets	<u>(284,382)</u>	<u>(104,028)</u>	<u>-</u>	<u>(388,410)</u>
Net Cash Provided by (Used in) Noncapital				
Financing Activities	<u>(407,876)</u>	<u>(104,028)</u>	<u>-</u>	<u>(511,904)</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>				
Transfers from Other Funds	418,026	13,919	270,000	701,945
Transfers to Other Funds	<u>(563,557)</u>	<u>(106,519)</u>	<u>(135,022)</u>	<u>(805,098)</u>
Net Cash Provided by (Used in) Noncapital				
Financing Activities	<u>(145,531)</u>	<u>(92,600)</u>	<u>134,978</u>	<u>(103,153)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>				
Interest and Investment Earnings	<u>352</u>	<u>291</u>	<u>462</u>	<u>1,105</u>
Net Increase (Decrease) in Cash				
and Cash Equivalents	(36,520)	(28,714)	(164,476)	(229,710)
<u>CASH AND CASH EQUIVALENTS - BEGINNING</u>	<u>733,331</u>	<u>629,312</u>	<u>1,106,080</u>	<u>2,468,723</u>
CASH AND CASH EQUIVALENTS - ENDING	<u>\$ 696,811</u>	<u>\$ 600,598</u>	<u>\$ 941,604</u>	<u>\$ 2,239,013</u>

(CONTINUED)

CITY OF LIVE OAK, TEXAS  
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS (CONTINUED)  
YEAR ENDED SEPTEMBER 30, 2015

	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)	\$ 269,685	\$ 154,986	\$ (33,563)	\$ 391,108
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities				
Depreciation	300,450	24,097	-	324,547
Changes in Assets and Liabilities				
Decrease (Increase) in Assets				
Customer Receivable	(48,691)	(7,588)	-	(56,279)
Due from Other Governments	-	20	-	20
Increase (Decrease) in Liabilities				
Accounts Payable and Accrued Liabilities	768	6,663	(266,353)	(258,922)
Customer Deposits	(2,810)	(2,122)	-	(4,932)
Net Pension Liability	(3,836)	(2,064)	-	(5,900)
Compensated Absences	969	(6,369)	-	(5,400)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>\$ 516,535</u>	<u>\$ 167,623</u>	<u>\$ (299,916)</u>	<u>\$ 384,242</u>

SCHEDULE OF NONCASH CAPITAL ACTIVITIES

Actuarially Determined Change in Net Pension Liability	\$ 66,478	\$ -	\$ 35,795	\$ 102,273
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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, 2015

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. 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, 2015

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, 2015

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, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Investments (Continued)

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

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

F. Receivables and Payables

All trade and property tax receivables are shown net of an allowance for uncollectibles. Trade accounts receivable in excess of 180 days comprise the trade accounts receivable allowance for uncollectibles. The property tax receivable allowance is equal to outstanding accounts from 2007 and older as of September 30, 2015.

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

G. Prepaid Items

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

H. Capital Assets

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

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

CITY OF LIVE OAK, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2015

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, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Fund Balance (Continued)

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

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

L. Net Position

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

M. Estimates

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

N. Change in Accounting Policy

During fiscal year 2015, the City changed accounting policies related to reporting of net pension liability, deferred outflows of resources, and deferred inflows of resources in a statement of net financial position by adopting GASB Statement No. 68, “Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27.” Accordingly, the effect of the accounting change is reported on the statement of net position, and the statement of activities for the current year.

CITY OF LIVE OAK, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2015

NOTE 2: DEPOSITS AND INVESTMENTS

As of September 30, 2015, the City had the following investments:

INVESTMENT TYPE	FAIR VALUE	WEIGHTED AVERAGE MATURITY (YEARS)
U.S. Treasury and Agency Securities	\$ 5,090,617	0.086
Certificates of Deposit	4,855,000	0.083
TexPool (Local Government Investment Pool)	<u>17,820,977</u>	-
	<u>\$ 27,766,594</u>	
Portfolio Weighted Average Maturity		0.085

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

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

*Custodial Credit Risk - Deposits.* In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. As of September 30, 2015, the City's cash on hand was \$3,419. The carrying amount of deposits was \$360,047 and the bank balance was \$627,738. 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 \$1,418,596 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, 2015

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	\$ 44,192	\$ -	\$ 13,846	\$ -	\$ -	\$ -	\$ 58,038
Sales Taxes	910,564	303,521	-	-	-	-	1,214,085
Occupancy Taxes	-	-	-	98,325	-	-	98,325
Franchise Taxes	251,346	-	-	-	-	-	251,346
Customer Accounts	96,114	-	-	-	449,429	63,710	609,253
Court Fines	471,049	-	-	-	-	-	471,049
Other	18	-	-	96,644	30,278	10,270	137,210
Gross Receivables	1,773,283	303,521	13,846	194,969	479,707	73,980	2,839,306
Less: Allowance for Uncollectibles	(364,814)	-	(3,529)	-	(16,495)	-	(384,838)
NET TOTAL RECEIVABLES	<u>\$ 1,408,469</u>	<u>\$ 303,521</u>	<u>\$ 10,317</u>	<u>\$ 194,969</u>	<u>\$ 463,212</u>	<u>\$ 73,980</u>	<u>\$ 2,454,468</u>



CITY OF LIVE OAK, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2015

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 2015, the assessed tax rate for the City was \$0.510000 per \$100 on an assessed valuation of \$968,468,534. This is broken out as \$0.35636 per \$100 for maintenance and operations and \$0.153637 per \$100 for debt retirement. Total tax levy for fiscal year 2015 is \$4,863,092. As of September 30, 2015, the delinquent current taxes for 2015 were \$14,196.

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CITY OF LIVE OAK, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2015

NOTE 5: CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2015, 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>237,616</u>	<u>243,089</u>	<u>(324,816)</u>	<u>155,889</u>
Total Capital Assets not being Depreciated	<u>2,091,031</u>	<u>243,089</u>	<u>(324,816)</u>	<u>2,009,304</u>
Capital Assets being Depreciated				
Buildings and Improvements	12,935,772	592,087	-	13,527,859
Streets and Improvements	13,814,506	185,708	-	14,000,214
Machinery and Equipment	<u>6,683,181</u>	<u>427,123</u>	<u>(77,461)</u>	<u>7,032,843</u>
Total Capital Assets being Depreciated	<u>33,433,459</u>	<u>1,204,918</u>	<u>(77,461)</u>	<u>34,560,916</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(5,154,709)	(526,343)	-	(5,681,052)
Streets and Improvements	(3,661,160)	(620,206)	-	(4,281,366)
Machinery and Equipment	<u>(4,329,409)</u>	<u>(675,808)</u>	<u>77,461</u>	<u>(4,927,756)</u>
Total Accumulated Depreciation	<u>(13,145,278)</u>	<u>(1,822,357)</u>	<u>77,461</u>	<u>(14,890,174)</u>
 Total Capital Assets being Depreciated - Net	 <u>20,288,181</u>	 <u>(617,439)</u>	 <u>-</u>	 <u>19,670,742</u>
 GOVERNMENTAL ACTIVITIES CAPITAL ASSETS - NET	 <u>\$22,379,212</u>	 <u>\$ (374,350)</u>	 <u>\$ (324,816)</u>	 <u>\$21,680,046</u>
<u>Business-Type Activities</u>				
Capital Assets not being Depreciated				
Land	\$ 8,770	\$ -	\$ -	\$ 8,770
Water Rights	<u>583,531</u>	<u>134,360</u>	<u>-</u>	<u>717,891</u>
Total Capital Assets not being Depreciated	<u>592,301</u>	<u>134,360</u>	<u>-</u>	<u>726,661</u>
Capital Assets being Depreciated				
Machinery and Equipment	1,368,184	254,050	(25,573)	1,596,661
Water and Wastewater System	<u>9,800,082</u>	<u>-</u>	<u>-</u>	<u>9,800,082</u>
Total Capital Assets being Depreciated	<u>11,168,266</u>	<u>254,050</u>	<u>(25,573)</u>	<u>11,396,743</u>
Less Accumulated Depreciation:				
Machinery and Equipment	(1,112,644)	(93,348)	25,573	(1,180,419)
Water and Wastewater System	<u>(5,376,982)</u>	<u>(231,199)</u>	<u>-</u>	<u>(5,608,181)</u>
Total Accumulated Depreciation	<u>(6,489,626)</u>	<u>(324,547)</u>	<u>25,573</u>	<u>(6,788,600)</u>
 Total Capital Assets being Depreciated - Net	 <u>4,678,640</u>	 <u>(70,497)</u>	 <u>-</u>	 <u>4,608,143</u>
 BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS - NET	 <u>\$ 5,270,941</u>	 <u>\$ 63,863</u>	 <u>\$ -</u>	 <u>\$ 5,334,804</u>

CITY OF LIVE OAK, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2015

NOTE 5: CAPITAL ASSETS (CONTINUED)

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

<u>Governmental Activities</u>		
General Government		\$ 323,777
Public Safety		710,711
Public Works		<u>787,869</u>
TOTAL DEPRECIATION EXPENSE - GOVERNMENTAL ACTIVITIES		<u>\$1,822,357</u>
 <u>Business-Type Activities</u>		
Water and Wastewater Utilities		<u>\$ 324,547</u>

NOTE 6: INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of September 30, 2015 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	97,019	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	171,057	Funding for Debt Service
Debt Service	General	85,240	Funding for Debt Service
Debt Service	Economic Development	742,063	Funding for Debt Service
Nonmajor Governmental	General	333,591	For Capital Projects
Nonmajor Governmental	Economic Development	233,950	For Capital Projects
Nonmajor Utility	Water and Wastewater Utilities	270,000	Capital Asset Purchasing
Storm Water	General Fund	13,919	Capital Asset Purchasing
Water and Wastewater Utilities	Nonmajor Utility	135,022	Support Fees
Water and Wastewater Utilities	Economic Development	257,854	Funding for Debt Service
Water and Wastewater Utilities	General Fund	15,000	Capital Asset Purchasing
Water and Wastewater Utilities	Storm Water Fund	<u>9,500</u>	Support Fees
TOTAL		<u>\$2,749,843</u>	

CITY OF LIVE OAK, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2015

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, 2015, 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%	\$ 520,000	\$ -
General Obligation Refunding Bonds, Series 2010	2022	3.064%	2,305,000	-
Tax Notes, Series 2012	2018	0.85 - 1.95%	240,000	125,000
General Obligation and Refunding Bonds, Series 2014	2034	2.0% - 4.0%	<u>18,580,000</u>	<u>-</u>
TOTAL BONDS, CERTIFICATES OF OBLIGATIONS, AND TAX NOTES			<u>\$ 21,645,000</u>	<u>\$ 125,000</u>

B. Debt Service Requirements

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

FISCAL YEAR ENDING SEPTEMBER 30,	GOVERNMENTAL ACTIVITIES			BUSINESS-TYPE ACTIVITIES		
	PRINCIPAL	INTEREST	TOTAL	PRINCIPAL	INTEREST	TOTAL
2016	\$ 1,625,000	\$ 895,608	\$ 2,520,608	\$ 125,000	\$ 1,875	\$126,875
2017	1,675,000	844,677	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	-	-	-
2021-2025	7,705,000	1,926,095	9,631,095	-	-	-
2026-2030	2,810,000	880,800	3,690,800	-	-	-
2031-2034	<u>2,675,000</u>	<u>272,800</u>	<u>2,947,800</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTALS	<u>\$21,645,000</u>	<u>\$6,707,203</u>	<u>\$28,352,203</u>	<u>\$ 125,000</u>	<u>\$ 1,875</u>	<u>\$126,875</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, 2015.

CITY OF LIVE OAK, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2015

NOTE 7: LONG-TERM DEBT (CONTINUED)

D. Changes in Long-Term Debt

	BALANCE 9/30/2014	ADDITIONS	REDUCTIONS	BALANCE 9/30/2015	DUE WITHIN ONE YEAR
<u>Primary Government</u>					
Governmental Activities					
General Obligation Bonds	\$22,110,000	\$ -	\$ (1,225,000)	\$20,885,000	\$1,295,000
Certificates of Obligation	765,000	-	(245,000)	520,000	255,000
Tax Notes	320,000	-	(80,000)	240,000	80,000
Compensated Absences	316,156	79,039	(100,880)	294,315	73,579
Deferred Amounts for:					
Issuance Premium	<u>1,766,889</u>	<u>-</u>	<u>(110,182)</u>	<u>1,656,707</u>	<u>110,182</u>
 TOTAL GOVERNMENTAL ACTIVITIES	 <u>\$25,278,045</u>	 <u>\$ 79,039</u>	 <u>\$ (1,761,062)</u>	 <u>\$23,596,022</u>	 <u>\$1,813,761</u>
 Business-Type Activities					
Tax Notes	\$ 245,000	\$ -	\$ (120,000)	\$ 125,000	\$ 125,000
Compensated Absences Payable	<u>46,426</u>	<u>11,606</u>	<u>(19,128)</u>	<u>38,904</u>	<u>9,726</u>
 TOTAL BUSINESS-TYPE ACTIVITIES	 <u>\$ 291,426</u>	 <u>\$ 11,606</u>	 <u>\$ (139,128)</u>	 <u>\$ 163,904</u>	 <u>\$ 134,726</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.

During the year, the City issued General Obligation and Refunding Bonds, Series 2014 for \$19,515,000 to refund the General Obligation Bonds, Series 2004 and to partially refund the Certificates of Obligation, Series 2005 in the amount of \$9,430,000 by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the City's financial statements. The reacquisition price exceeded the net carrying amount of the old debt by \$149,455. This amount is being deferred and amortized over the life of the refunded debt. As a result of the refunding, the City reduced its total debt service requirements by \$1,613,321 which resulted in an economic gain of \$1,396,440 (net present value). At September 30, 2015, the outstanding balance of the defeased bonds is \$2,570,000. The General Obligation and Refunding Bonds, Series 2014 also included \$10,085,000 of new bond money for construction projects.

CITY OF LIVE OAK, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2015

NOTE 8: EMPLOYEE RETIREMENT SYSTEM

A. Plan Description

The City participates as one of 860 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at [www.tmr.com](http://www.tmr.com).

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

B. Benefits Provided

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

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

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

**Employees Covered by Benefit Terms**

At the December 31, 2014 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	54
Inactive employees entitled to but not yet receiving benefits	42
Active employees	<u>114</u>
Total	210

CITY OF LIVE OAK, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2015

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 17.94% and 17.92% for calendar years 2014 and 2015 respectively. The City's contributions to TMRS for the year ended September 30, 2015 were \$873,632, and exceeded the required contributions by \$93,010.

D. Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2014, 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, 2014 actuarial valuation was determined using the following actuarial assumptions:

Inflation	3.0% per year
Overall Payroll Growth	3.0% per year
Investment Rate of Return	7.0%, 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 Table, 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 Disabled Retiree Mortality Table is used, with slight adjustments.

Actuarial assumptions used in the December 31, 2014, valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period January 1, 2006 through December 31, 2009, first used in the December 31, 2010 valuation. 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.

CITY OF LIVE OAK, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2015

NOTE 8: EMPLOYEE RETIREMENT SYSTEM (CONTINUED)

D. Net Pension Liability (Continued)

The long-term expected rate of return on pension plan investments is 7.0%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TMRS Board of Trustees. 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.

The target allocation and best estimates of arithmetic 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%	4.80%
International Equity	17.5%	6.05%
Core Fixed Income	30.0%	1.50%
Non-Core Fixed Income	10.0%	3.50%
Real Return	5.0%	1.75%
Real Estate	10.0%	5.25%
Absolute Return	5.0%	4.25%
Private Equity	<u>5.0%</u>	8.50%
Total	100.0%	

**Discount Rate**

The discount rate used to measure the Total Pension Liability was 7.0%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.



CITY OF LIVE OAK, TEXAS  
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
 SEPTEMBER 30, 2015

NOTE 8: EMPLOYEE RETIREMENT SYSTEM (CONTINUED)

D. Net Pension Liability (Continued)

**Changes in the Net Pension Liability**

	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at December 31, 2013	\$ 30,848,951	\$ 25,302,742	\$ 5,546,209
Changes for the year:			
Service Cost	1,011,607	-	1,011,607
Interest	2,168,610	-	2,168,610
Change of Benefit Terms	-	-	-
Difference Between Expected and Actual Experience	(136,236)	-	(136,236)
Changes of Assumptions	-	-	-
Contributions - Employer	-	1,082,444	(1,082,444)
Contributions - Employee	-	422,371	(422,371)
Net Investment Income	-	1,447,711	(1,447,711)
Benefit Payments, Including Refunds of Employee Contributions	(749,226)	(749,226)	-
Administrative Expense	-	(15,112)	15,112
Other Changes	-	(1,242)	1,242
Net Changes	<u>2,294,755</u>	<u>2,186,946</u>	<u>107,809</u>
Balance at December 31, 2014	<u>\$ 33,143,706</u>	<u>\$ 27,489,688</u>	<u>\$ 5,654,018</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 7.0%, 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 (6.0%) or 1-percentage-point higher (8.0%) than the current rate:

<u>1% Decrease in Discount Rate (6.0%)</u>	<u>Discount Rate (7.0%)</u>	<u>1% Increase in Discount Rate (8.0%)</u>
\$ 10,707,097	\$ 5,654,018	\$ 1,527,861

**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.tmrs.com](http://www.tmrs.com).

CITY OF LIVE OAK, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2015

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, 2015, the City recognized a decrease in pension expense of \$1,044,936.

At September 30, 2015, 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	\$ -	\$ 109,656
Changes in Actuarial Assumptions	-	-
Difference Between Projected and Actual Investment Earnings	258,785	-
Contributions Subsequent to the Measurement Date	<u>780,622</u>	<u>-</u>
Total	<u>\$ 1,039,407</u>	<u>\$ 109,656</u>

The City reported \$780,622 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, 2015. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

2016	\$ 38,116
2017	38,116
2018	38,116
2019	38,117
2020	(3,336)
Thereafter	<u>-</u>
Total	<u>\$ 149,129</u>

CITY OF LIVE OAK, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2015

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, 2015, 2014, and 2013 were \$8,978, \$8,329, and \$9,442, 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)	\$ 3,207,677	\$ 85,256	\$ 3,122,421
Toepperwein Road Widening Project (Bond)	770,142	363,665	406,477
Stormwater Channel Rehab Project City Park	<u>109,555</u>	<u>-</u>	<u>109,555</u>
TOTAL ESTIMATED FUTURE COMMITMENTS	<u>\$ 4,087,374</u>	<u>\$ 448,921</u>	<u>\$ 3,638,453</u>

CITY OF LIVE OAK, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2015

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

*Tax Increment Financing (the "Zone")*

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

At the time the Zone was created, the property tax base was "frozen" and 50% of the increment taxes resulting from the increases to the property tax base are being used to finance Zone improvements, along with annual interim costs at 7% of projected improvement costs. Project costs to date are \$2,143,789 (including annual interest charges). The total projected cost was \$4,104,906. Project costs of the developer will be funded up to 50% of the tax increment generated by the City of Live Oak and Bexar County. The Zone terminates when the City and County fund up to 50% of the projected project costs or December 31, 2019, whichever occurs first. The City was left with a partial payment after last year. The City made its last required payment into the TIRZ during fiscal year 2013/14. At September 30, 2015, the outstanding balance was zero and the TIRZ was officially and successfully completed.

*Litigation*

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

CITY OF LIVE OAK, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2015

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, 2015 were \$212,961 for property and casualty and workers compensation coverage. There were no significant increases or decreases in coverage from fiscal year 2015.

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

NOTE 11: RESTATEMENT OF NET POSITION

During fiscal year 2015, the City adopted GASB Statement No. 68, Accounting and Reporting for Pensions. With the adoption of this standard, the City must recognize a net pension liability for their defined-benefit pension plan. Adoption of GASB No. 68 requires a prior period adjustment to report the effect of GASB 68 retroactively. The amount of the prior period adjustment is \$(3,727,540) for the governmental activities and \$(462,951) for the business-type activities. The restated beginning net position for the Governmental Activities is \$17,927,968 and for the business-type activities is \$6,796,442.

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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 Funding Progress – Defined Benefit

CITY OF LIVE OAK, TEXAS  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL  
YEAR ENDED SEPTEMBER 30, 2015  
(WITH COMPARATIVE ACTUAL TOTALS FOR 2014)

	ORIGINAL BUDGET	FINAL BUDGET	2015 ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)	2014 ACTUAL AMOUNTS
<u>REVENUES</u>					
Property Taxes	\$ 3,396,733	\$ 3,396,733	\$ 3,393,444	\$ (3,289)	\$ 3,038,404
Sales Tax	4,870,515	4,870,515	5,560,303	689,788	4,884,741
Franchise Taxes	957,000	957,000	1,139,480	182,480	1,019,041
Beverage Taxes	80,000	80,000	101,768	21,768	94,889
Fines and Fees	440,000	440,000	430,344	(9,656)	466,082
Permits and Fees	375,450	375,450	329,905	(45,545)	260,592
Service Fees	94,700	94,700	88,926	(5,774)	96,285
Intergovernmental	107,000	107,000	135,657	28,657	106,013
Investment Earnings	75,000	75,000	56,685	(18,315)	34,957
Miscellaneous	51,000	51,000	76,125	25,125	87,284
Total Revenues	<u>10,447,398</u>	<u>10,447,398</u>	<u>11,312,637</u>	<u>865,239</u>	<u>10,088,288</u>
<u>EXPENDITURES</u>					
General Government					
Council	314,110	153,110	112,959	40,151	21,959
City Manager	263,030	288,905	281,599	7,306	242,354
City Secretary	517,960	517,960	474,496	43,464	475,516
Municipal Court	207,420	207,420	187,192	20,228	188,679
Finance	390,585	396,485	388,746	7,739	369,469
Planning and Zoning	142,720	110,945	100,578	10,367	118,111
Emergency Management Office	85,535	85,535	80,533	5,002	78,284
Information Technology	475,520	475,520	409,576	65,944	433,703
Development Services	340,180	340,180	306,931	33,249	297,002
Total General Government	<u>2,737,060</u>	<u>2,576,060</u>	<u>2,342,610</u>	<u>233,450</u>	<u>2,225,077</u>
Public Safety					
Police Services	3,346,534	3,346,534	3,318,122	28,412	3,210,807
Fire and EMS	2,129,270	2,129,270	2,019,535	109,735	1,865,246
Communication Services	559,535	559,535	488,057	71,478	502,314
Total Public Safety	<u>6,035,339</u>	<u>6,035,339</u>	<u>5,825,714</u>	<u>209,625</u>	<u>5,578,367</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, 2015  
(WITH COMPARATIVE ACTUAL TOTALS FOR 2014)

	ORIGINAL BUDGET	FINAL BUDGET	2015 ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)	2014 ACTUAL AMOUNTS
<u>EXPENDITURES (CONTINUED)</u>					
Public Works					
General Service	\$ 871,735	852,735	\$ 765,361	\$ 87,374	\$ 754,457
Street Maintenance	440,050	440,050	336,458	103,592	296,077
Animal Control	242,060	252,060	236,127	15,933	212,853
Parks Maintenance	458,700	467,700	453,066	14,634	424,106
Total Public Works	<u>2,012,545</u>	<u>2,012,545</u>	<u>1,791,012</u>	<u>221,533</u>	<u>1,687,493</u>
Community Service					
Leisure Services	<u>211,900</u>	<u>211,900</u>	<u>178,235</u>	<u>33,665</u>	<u>194,147</u>
Capital Outlay	<u>465,031</u>	<u>465,031</u>	<u>353,355</u>	<u>111,676</u>	<u>164,901</u>
Total Expenditures	<u>11,461,875</u>	<u>11,300,875</u>	<u>10,490,926</u>	<u>809,949</u>	<u>9,849,985</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,014,477)</u>	<u>(853,477)</u>	<u>821,711</u>	<u>1,675,188</u>	<u>238,303</u>
<u>OTHER FINANCING SOURCES (USES)</u>					
Transfers In	344,500	344,500	482,647	138,147	186,362
Transfers Out	<u>(566,777)</u>	<u>(727,777)</u>	<u>(447,750)</u>	<u>280,027</u>	<u>90,448</u>
Total Other Financing Sources (Uses)	<u>(222,277)</u>	<u>(383,277)</u>	<u>34,897</u>	<u>418,174</u>	<u>276,810</u>
Net Change in Fund Balance	(1,236,754)	(1,236,754)	856,608	2,093,362	515,113
<u>FUND BALANCE - BEGINNING</u>	<u>8,683,781</u>	<u>8,683,781</u>	<u>8,683,781</u>	<u>-</u>	<u>8,168,668</u>
FUND BALANCE - ENDING	<u>\$ 7,447,027</u>	<u>\$ 7,447,027</u>	<u>\$ 9,540,389</u>	<u>\$ 2,093,362</u>	<u>\$ 8,683,781</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, 2015  
(WITH COMPARATIVE ACTUAL TOTALS FOR 2014)

	ORIGINAL AND FINAL BUDGET	2015 ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)	2014 ACTUAL AMOUNTS
<u>REVENUES</u>				
Sales Taxes	\$ 1,623,505	\$ 1,853,434	\$ 229,929	\$ 1,628,246
Miscellaneous	-	-	-	2,000
Investment Earnings	<u>2,000</u>	<u>7,196</u>	<u>5,196</u>	<u>948</u>
Total Revenues	<u>1,625,505</u>	<u>1,860,630</u>	<u>235,125</u>	<u>1,631,194</u>
<u>EXPENDITURES</u>				
General Government	381,650	194,167	187,483	265,800
Capital Outlay	<u>250,000</u>	<u>-</u>	<u>250,000</u>	<u>-</u>
Total Expenditures	<u>631,650</u>	<u>194,167</u>	<u>437,483</u>	<u>265,800</u>
Excess of Revenues Over Expenditures	<u>993,855</u>	<u>1,666,463</u>	<u>672,608</u>	<u>1,365,394</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers Out	1,336,135	(1,470,495)	(2,806,630)	(1,114,190)
Net Change in Fund Balance	2,329,990	195,968	(2,134,022)	251,204
<u>FUND BALANCE - BEGINNING</u>	<u>1,506,384</u>	<u>1,506,384</u>	<u>-</u>	<u>1,255,180</u>
FUND BALANCE - ENDING	<u>\$ 3,836,374</u>	<u>\$ 1,702,352</u>	<u>\$ (2,134,022)</u>	<u>\$ 1,506,384</u>

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

	2015
<b>Total Pension Liability</b>	
Service Cost	\$ 1,011,607
Interest (on the Total Pension Liability)	2,168,610
Changes of Benefit Terms	-
Difference Between Expected and Actual Experience	(136,236)
Change of Assumptions	-
Benefit Payments, Including Refunds of Employee Contributions	(749,226)
Net Change in Total Pension Liability	2,294,755
Total Pension Liability - Beginning	30,848,951
Total Pension Liability - Ending (a)	\$ 33,143,706
<b>Plan Fiduciary Net Position</b>	
Contributions - Employer	\$ 1,082,444
Contributions - Employee	422,371
Net Investment Income	1,447,711
Benefit Payments, Including Refunds of Employee Contributions	(749,226)
Administrative Expense	(15,112)
Other	(1,242)
Net Change in Plan Fiduciary Net Position	2,186,946
Plan Fiduciary Net Position - Beginning	25,302,742
Plan Fiduciary Net Position - Ending (b)	\$ 27,489,688
Net Pension Liability (a) - (b)	\$ 5,654,018
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	82.94%
Covered Employee Payroll	6,033,684
Net Pension Liability as a Percentage of Total Covered Employee Payroll	93.71%

\*GASB 68 requires 10 fiscal years of data to be provided in this schedule. This is the first 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>2015</u>
Actuarially Determined Contributions	\$ 780,622
Contributions in Relation to the Actuarially Determined Contributions	<u>873,632</u>
Contribution Deficiency (Excess)	93,010
Covered Employee Payroll	6,033,684
Contributions as a Percentage of Covered Employee Payroll	14.48%

\*GASB 68 requires 10 fiscal years of data to be provided in this schedule. This is the first 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, 2015

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	25 Years
Asset Valuation Method	10 Year Smoothed Market, 15% Soft Corridor
Inflation	3.00%
Salary Increases	3.5% to 12.00% Including Inflation
Investment Rate of Return	7.00%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2010 valuation pursuant to an experience study of the period 2005 - 2009.
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, 2015

	<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>ASSETS</u>					
Cash and Cash Equivalents	\$ 931,930	\$ 1,418	\$ 68,014	\$ -	\$ 132,061
Accounts Receivable - Net of Allowance					
Other	98,325	1,765	1,361	-	26,865
Due from Other Governments	<u>-</u>	<u>-</u>	<u>-</u>	<u>45,000</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 1,030,255</u>	<u>\$ 3,183</u>	<u>\$ 69,375</u>	<u>\$ 45,000</u>	<u>\$ 158,926</u>
<u>LIABILITIES</u>					
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ 46,639
Accrued Liabilities	-	-	-	-	-
Due to Other Funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>45,000</u>	<u>-</u>
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>45,000</u>	<u>46,639</u>
<u>FUND BALANCES</u>					
Restricted:					
Hotel/Motel	1,030,255	-	-	-	-
Forfeiture	-	3,183	-	-	-
Child Safety	-	-	69,375	-	-
Emergency Radio System	-	-	-	-	112,287
Public Education	-	-	-	-	-
Court Technology	-	-	-	-	-
Alamo Regional SWAT	-	-	-	-	-
Court Security	-	-	-	-	-
Committed:					
Capital Projects	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>1,030,255</u>	<u>3,183</u>	<u>69,375</u>	<u>-</u>	<u>112,287</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,030,255</u>	<u>\$ 3,183</u>	<u>\$ 69,375</u>	<u>\$ 45,000</u>	<u>\$ 158,926</u>

				CAPITAL PROJECTS			
PUBLIC EDUCATION	COURT TECHNOLOGY	ALAMO REGIONAL SWAT	COURT SECURITY	CAPITAL PROJECTS	2005 CERTIFICATES OF OBLIGATION FUND	WOODCREST PARK DONATIONS	TOTALS
\$ 138,013	\$ 111,832	\$ 298	\$ 47,369	\$ 618,793	\$ 57,242	\$ 75,881	\$ 2,182,851
5,653	-	-	-	-	3,000	-	136,969
-	-	13,000	-	-	-	-	58,000
<u>\$ 143,666</u>	<u>\$ 111,832</u>	<u>\$ 13,298</u>	<u>\$ 47,369</u>	<u>\$ 618,793</u>	<u>\$ 60,242</u>	<u>\$ 75,881</u>	<u>\$ 2,377,820</u>
\$ -	\$ 35	\$ -	\$ 226	\$ -	\$ -	\$ 6,250	\$ 53,150
-	-	-	19	-	-	-	19
-	-	-	-	-	-	-	45,000
-	35	-	245	-	-	6,250	98,169
-	-	-	-	-	-	-	1,030,255
-	-	-	-	-	-	-	3,183
-	-	-	-	-	-	-	69,375
-	-	-	-	-	-	-	112,287
143,666	-	-	-	-	-	-	143,666
-	111,797	-	-	-	-	-	111,797
-	-	13,298	-	-	-	-	13,298
-	-	-	47,124	-	-	-	47,124
-	-	-	-	618,793	60,242	69,631	748,666
<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>\$ 143,666</u>	<u>\$ 111,832</u>	<u>\$ 13,298</u>	<u>\$ 47,369</u>	<u>\$ 618,793</u>	<u>\$ 60,242</u>	<u>\$ 75,881</u>	<u>\$ 2,377,820</u>

CITY OF LIVE OAK, TEXAS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED SEPTEMBER 30, 2015

	<u>SPECIAL REVENUE FUNDS</u>				
	HOTEL/MOTEL OCCUPANCY FUND	FORFEITURE	CHILD SAFETY	FEDERAL/ STATE GRANTS	EMERGENCY RADIO SYSTEM
<u>REVENUES</u>					
Occupancy Tax	\$ 436,420	\$ -	\$ -	\$ -	\$ -
Franchise Fees	-	-	-	-	-
Fines and Fees	-	5,485	16,419	-	-
Service Fees	-	-	-	-	37,684
Intergovernmental	-	-	-	45,000	-
Investment Earnings	333	30	26	-	71
Total Revenues	<u>436,753</u>	<u>5,515</u>	<u>16,445</u>	<u>45,000</u>	<u>37,755</u>
<u>EXPENDITURES</u>					
Current					
General Government	1,850,560	-	-	-	-
Public Safety	-	-	6,000	45,000	111,368
Public Works	-	-	1,416	-	-
Capital Outlay	-	24,995	-	-	-
Total Expenditures	<u>1,850,560</u>	<u>24,995</u>	<u>7,416</u>	<u>45,000</u>	<u>111,368</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,413,807)</u>	<u>(19,480)</u>	<u>9,029</u>	<u>-</u>	<u>(73,613)</u>
<u>OTHER FINANCING SOURCES (USES)</u>					
Sale of Capital Asset	-	-	-	-	-
Transfers In	-	-	-	-	36,091
Transfers Out	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	36,091
Net Change in Fund Balances	(1,413,807)	(19,480)	9,029	-	(37,522)
<u>FUND BALANCES AT BEGINNING OF YEAR</u>	<u>2,444,062</u>	<u>22,663</u>	<u>60,346</u>	<u>-</u>	<u>149,809</u>
FUND BALANCES AT END OF YEAR	<u>\$ 1,030,255</u>	<u>\$ 3,183</u>	<u>\$ 69,375</u>	<u>\$ -</u>	<u>\$ 112,287</u>

				CAPITAL PROJECTS			
				2005			
PUBLIC EDUCATION	COURT TECHNOLOGY	ALAMO REGIONAL SWAT	COURT SECURITY	CAPITAL PROJECTS	CERTIFICATES OF OBLIGATION FUND	WOODCREST PARK DONATIONS	TOTALS
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 436,420
40,017	-	-	-	-	-	-	40,017
-	10,525	-	7,894	-	-	-	40,323
-	-	-	-	-	-	-	37,684
-	-	32,500	-	-	-	-	77,500
44	57	-	22	136	33	32	784
<u>40,061</u>	<u>10,582</u>	<u>32,500</u>	<u>7,916</u>	<u>136</u>	<u>33</u>	<u>32</u>	<u>632,728</u>
-	4,897	-	5,657	-	9,998	-	1,871,112
-	-	67,757	-	-	-	-	230,125
-	-	-	-	-	-	-	1,416
-	-	61,445	-	49,476	-	6,250	142,166
<u>-</u>	<u>4,897</u>	<u>129,202</u>	<u>5,657</u>	<u>49,476</u>	<u>9,998</u>	<u>6,250</u>	<u>2,244,819</u>
<u>40,061</u>	<u>5,685</u>	<u>(96,702)</u>	<u>2,259</u>	<u>(49,340)</u>	<u>(9,965)</u>	<u>(6,218)</u>	<u>(1,612,091)</u>
-	68	-	-	-	-	-	68
-	-	136,500	-	394,950	-	-	567,541
-	-	(26,500)	-	-	-	-	(26,500)
-	68	110,000	-	394,950	-	-	541,109
40,061	5,753	13,298	2,259	345,610	(9,965)	(6,218)	(1,070,982)
<u>103,605</u>	<u>106,044</u>	<u>-</u>	<u>44,865</u>	<u>273,183</u>	<u>70,207</u>	<u>75,849</u>	<u>3,350,633</u>
<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>

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, 2015  
(WITH COMPARATIVE ACTUAL TOTALS FOR 2014)

	ORIGINAL AND FINAL BUDGET	2015 ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	2014 ACTUAL AMOUNTS
<u>REVENUES</u>				
Occupancy Tax	\$ 320,000	\$ 436,420	\$ 116,420	\$ 403,004
Investment Earnings	750	333	(417)	668
Total Revenues	<u>320,750</u>	<u>436,753</u>	<u>116,003</u>	<u>403,672</u>
<u>EXPENDITURES</u>				
Current				
General Government	295,000	1,850,560	(1,555,560)	206,923
Public Safety	-	-	-	-
Public Works	-	-	-	-
Total Expenditures	<u>295,000</u>	<u>1,850,560</u>	<u>(1,555,560)</u>	<u>206,923</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	25,750	(1,413,807)	(1,439,557)	196,749
Net Change in Fund Balance	25,750	(1,413,807)	(1,439,557)	196,749
<u>FUND BALANCE - BEGINNING</u>	<u>2,444,062</u>	<u>2,444,062</u>	<u>-</u>	<u>2,247,313</u>
FUND BALANCE - ENDING	<u>\$ 2,469,812</u>	<u>\$ 1,030,255</u>	<u>\$ (1,439,557)</u>	<u>\$ 2,444,062</u>

CITY OF LIVE OAK, TEXAS  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
FORFEITURE  
YEAR ENDED SEPTEMBER 30, 2015  
(WITH COMPARATIVE ACTUAL TOTALS FOR 2014)

	ORIGINAL BUDGET	FINAL BUDGET	2015 ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	2014 ACTUAL AMOUNTS
<u>REVENUES</u>					
Fines and Fees	\$ 15,000	\$ -	\$ 5,485	\$ 5,485	\$ 3,310
Investment Earnings	-	-	30	30	20
Total Revenues	<u>15,000</u>	<u>-</u>	<u>5,515</u>	<u>5,515</u>	<u>3,330</u>
<u>EXPENDITURES</u>					
Public Safety	-	-	-	-	8,223
Capital Outlay	<u>25,000</u>	<u>-</u>	<u>24,995</u>	<u>(24,995)</u>	<u>-</u>
Total Expenditures	<u>25,000</u>	<u>-</u>	<u>24,995</u>	<u>(24,995)</u>	<u>8,223</u>
Net Change in Fund Balance	(10,000)	-	(19,480)	(19,480)	(4,893)
<u>FUND BALANCE - BEGINNING</u>	<u>22,663</u>	<u>22,663</u>	<u>22,663</u>	<u>-</u>	<u>27,556</u>
FUND BALANCE - ENDING	<u>\$ 12,663</u>	<u>\$ 22,663</u>	<u>\$ 3,183</u>	<u>\$ (19,480)</u>	<u>\$ 22,663</u>

CITY OF LIVE OAK, TEXAS  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
CHILD SAFETY  
YEAR ENDED SEPTEMBER 30, 2015  
(WITH COMPARATIVE ACTUAL TOTALS FOR 2014)

	ORIGINAL AND FINAL BUDGET	2015 ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	2014 ACTUAL AMOUNTS
<u>REVENUES</u>				
Fines and Fees	\$ 12,000	\$ 16,419	\$ 4,419	\$ 15,653
Investment Earnings	-	26	26	14
Total Revenues	<u>12,000</u>	<u>16,445</u>	<u>4,445</u>	<u>15,667</u>
<u>EXPENDITURES</u>				
Public Works	6,000	1,416	4,584	1,828
Public Safety	<u>6,000</u>	<u>6,000</u>	<u>-</u>	<u>6,000</u>
Total Expenditures	<u>12,000</u>	<u>7,416</u>	<u>4,584</u>	<u>7,828</u>
Net Change in Fund Balance	-	9,029	9,029	7,839
<u>FUND BALANCE - BEGINNING</u>	<u>60,346</u>	<u>60,346</u>	<u>-</u>	<u>52,507</u>
FUND BALANCE - ENDING	<u>\$ 60,346</u>	<u>\$ 69,375</u>	<u>\$ 9,029</u>	<u>\$ 60,346</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, 2015  
(WITH COMPARATIVE ACTUAL TOTALS FOR 2014)

	ORIGINAL AND FINAL BUDGET	2015 ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	2014 ACTUAL AMOUNTS
<u>REVENUES</u>				
Intergovernmental	\$ 1,051,435	\$ 45,000	\$ (1,006,435)	\$ 15,635
Miscellaneous	-	-	-	-
Total Revenues	<u>1,051,435</u>	<u>45,000</u>	<u>(1,006,435)</u>	<u>15,635</u>
<u>EXPENDITURES</u>				
Public Safety	-	45,000	(45,000)	-
Capital Outlay	<u>1,051,435</u>	-	<u>1,051,435</u>	<u>15,635</u>
Total Expenditures	<u>1,051,435</u>	<u>45,000</u>	<u>1,006,435</u>	<u>15,635</u>
Net Change in Fund Balance	-	-	-	-
<u>FUND BALANCE - BEGINNING</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, 2015  
(WITH COMPARATIVE ACTUAL TOTALS FOR 2014)

	ORIGINAL AND FINAL BUDGET	2015 ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	2014 ACTUAL AMOUNTS
<u>REVENUES</u>				
Service Fees	\$ 36,000	\$ 37,684	\$ 1,684	\$ 27,735
Investment Earnings	100	71	(29)	60
Total Revenues	<u>36,100</u>	<u>37,755</u>	<u>1,655</u>	<u>27,795</u>
<u>EXPENDITURES</u>				
Public Safety	<u>145,395</u>	<u>111,368</u>	<u>34,027</u>	<u>113,177</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(109,295)</u>	<u>(73,613)</u>	<u>35,682</u>	<u>(85,382)</u>
<u>OTHER FINANCING SOURCES</u>				
Transfers In	<u>49,180</u>	<u>36,091</u>	<u>(13,089)</u>	<u>46,676</u>
Total Other Financing Sources (Uses)	<u>49,180</u>	<u>36,091</u>	<u>(13,089)</u>	<u>46,676</u>
Net Change in Fund Balance	(60,115)	(37,522)	22,593	(38,706)
<u>FUND BALANCE - BEGINNING</u>	<u>149,809</u>	<u>149,809</u>	<u>-</u>	<u>188,515</u>
FUND BALANCE - ENDING	<u>\$ 89,694</u>	<u>\$ 112,287</u>	<u>\$ 22,593</u>	<u>\$ 149,809</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, 2015  
(WITH COMPARATIVE ACTUAL TOTALS FOR 2014)

	ORIGINAL AND FINAL BUDGET	2015 ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	2014 ACTUAL AMOUNTS
<u>REVENUES</u>				
Franchise Fees	\$ 27,500	\$ 40,017	\$ 12,517	\$ 41,838
Investment Earnings	-	44	44	15
Total Revenues	<u>27,500</u>	<u>40,061</u>	<u>12,561</u>	<u>41,853</u>
Net Change in Fund Balance	27,500	40,061	12,561	41,853
<u>FUND BALANCE - BEGINNING</u>	<u>103,605</u>	<u>103,605</u>	<u>-</u>	<u>61,752</u>
FUND BALANCE - ENDING	<u>\$ 131,105</u>	<u>\$ 143,666</u>	<u>\$ 12,561</u>	<u>\$ 103,605</u>

CITY OF LIVE OAK, TEXAS  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
COURT TECHNOLOGY  
YEAR ENDED SEPTEMBER 30, 2015  
(WITH COMPARATIVE ACTUAL TOTALS FOR 2014)

	ORIGINAL AND FINAL BUDGET	2015 ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	2014 ACTUAL AMOUNTS
<u>REVENUES</u>				
Fines and Fees	\$ 12,000	\$ 10,525	\$ (1,475)	\$ 13,103
Investment Earnings	100	57	(43)	37
Total Revenues	<u>12,100</u>	<u>10,582</u>	<u>(1,518)</u>	<u>13,140</u>
<u>EXPENDITURES</u>				
General Government	<u>8,200</u>	<u>4,897</u>	<u>3,303</u>	<u>11,285</u>
Net Change in Fund Balance	3,900	5,685	1,785	1,855
<u>FUND BALANCE - BEGINNING</u>	<u>106,044</u>	<u>106,044</u>	<u>-</u>	<u>104,189</u>
FUND BALANCE - ENDING	<u>\$ 109,944</u>	<u>\$ 111,729</u>	<u>\$ 1,785</u>	<u>\$ 106,044</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, 2015  
(WITH COMPARATIVE ACTUAL TOTALS FOR 2014)

	ORIGINAL AND FINAL BUDGET	2015 ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	2014 ACTUAL AMOUNTS
<u>REVENUES</u>				
Intergovernmental	\$ 32,500	\$ 32,500	\$ -	\$ -
<u>EXPENDITURES</u>				
Public Safety	12,500	67,757	(55,257)	-
Capital Outlay	130,000	61,445	68,555	-
Total Expenditures	<u>142,500</u>	<u>129,202</u>	<u>13,298</u>	<u>-</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfer In	136,500	136,500	-	-
Transfer Out	<u>(26,500)</u>	<u>(26,500)</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>110,000</u>	<u>110,000</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	-	13,298	13,298	-
<u>FUND BALANCE - BEGINNING</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ 13,298</u>	<u>\$ 13,298</u>	<u>\$ -</u>

CITY OF LIVE OAK, TEXAS  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
COURT SECURITY  
YEAR ENDED SEPTEMBER 30, 2015  
(WITH COMPARATIVE ACTUAL TOTALS FOR 2014)

	ORIGINAL AND FINAL BUDGET	2015 ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	2014 ACTUAL AMOUNTS
<u>REVENUES</u>				
Fines and Fees	\$ 10,000	\$ 7,894	\$ (2,106)	\$ 9,827
Investment Earnings	<u>100</u>	<u>22</u>	<u>(78)</u>	<u>14</u>
Total Revenues	<u>10,100</u>	<u>7,916</u>	<u>(2,184)</u>	<u>9,841</u>
<u>EXPENDITURES</u>				
General Government	<u>20,370</u>	<u>5,657</u>	<u>14,713</u>	<u>10,257</u>
Net Change in Fund Balance	(10,270)	2,259	12,529	(416)
<u>FUND BALANCE - BEGINNING</u>	<u>44,865</u>	<u>44,865</u>	<u>-</u>	<u>45,281</u>
FUND BALANCE - ENDING	<u>\$ 34,595</u>	<u>\$ 47,124</u>	<u>\$ 12,529</u>	<u>\$ 44,865</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, 2015  
(WITH COMPARATIVE ACTUAL TOTALS FOR 2014)

	ORIGINAL AND FINAL BUDGET	2015 ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	2014 ACTUAL AMOUNTS
<u>REVENUES</u>				
Property Taxes	\$ 1,414,303	\$ 1,414,599	\$ 296	\$ 792,184
Investment Earnings	<u>300</u>	<u>175</u>	<u>(125)</u>	<u>237</u>
Total Revenues	<u>1,414,603</u>	<u>1,414,774</u>	<u>171</u>	<u>792,421</u>
<u>EXPENDITURES</u>				
Principal	1,550,000	1,550,000	-	1,115,000
Interest and Fiscal Charges	983,457	791,505	191,952	705,915
Bond Issuance Cost	<u>3,000</u>	<u>-</u>	<u>3,000</u>	<u>-</u>
Total Expenditures	<u>2,536,457</u>	<u>2,341,505</u>	<u>194,952</u>	<u>1,820,915</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,121,854)</u>	<u>(926,731)</u>	<u>195,123</u>	<u>(1,028,494)</u>
<u>OTHER FINANCING SOURCES</u>				
Transfers In	1,121,854	998,360	(123,494)	1,039,473
Net Change in Fund Balance	-	71,629	71,629	10,979
<u>FUND BALANCE - BEGINNING</u>	<u>279,438</u>	<u>279,438</u>	<u>-</u>	<u>271,763</u>
FUND BALANCE - ENDING	<u>\$ 279,438</u>	<u>\$ 351,067</u>	<u>\$ 71,629</u>	<u>\$ 282,742</u>

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

	2015	2014
<u>ASSETS</u>		
Cash and Cash Equivalents	\$ 1,230,160	\$ 1,193,859
Investments	8,465,843	7,462,775
Receivables		
Ad Valorem Taxes (Net of Allowance for Uncollectibles of \$7,987 and \$7,125)	32,665	34,886
Sales Taxes	910,564	843,511
Franchise Taxes	251,346	242,133
Other	213,894	282,845
Due from Other Funds	45,000	2,885
Accrued Interest	16,008	19,327
Prepaid Items	10,022	10,127
TOTAL ASSETS	\$ 11,175,502	\$ 10,092,348
<u>LIABILITIES</u>		
Accounts Payable	\$ 770,678	\$ 450,178
Accrued Liabilities	168,946	215,722
Unearned Revenue	3,106	2,231
Total Liabilities	942,730	668,131
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Unearned Revenue - Taxes	692,383	740,436
<u>FUND BALANCES</u>		
Nonspendable		
Prepaid Items	10,022	10,127
Restricted		
Weed Abatement	15,465	10,416
Committed		
Asset Replacement	1,978,705	1,846,355
Unassigned	7,536,197	6,816,883
Total Fund Balances	9,540,389	8,683,781
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCES	\$ 11,175,502	\$ 10,092,348



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

	<u>2015</u>	<u>2014</u>
<u>REVENUES</u>		
Property Taxes	\$ 3,393,444	\$ 3,038,404
Sales Taxes	5,560,303	4,884,741
Franchise Taxes	1,139,480	1,019,041
Beverage Taxes	101,768	94,889
Fines and Fees	430,344	466,082
Permits and Fees	329,905	260,592
Service Fees	88,926	96,285
Intergovernmental	135,657	106,013
Investment Earnings	56,685	34,957
Miscellaneous	76,125	87,284
Total Revenues	<u>11,312,637</u>	<u>10,088,288</u>
<u>EXPENDITURES</u>		
General Government	2,342,610	2,225,077
Public Safety	5,825,714	5,578,367
Public Works	1,791,012	1,687,493
Community Services	178,235	194,147
Capital Outlay	353,355	164,901
Total Expenditures	<u>10,490,926</u>	<u>9,849,985</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>821,711</u>	<u>238,303</u>
<u>OTHER FINANCING SOURCES (USES)</u>		
Transfers In	482,647	186,362
Transfers Out	(447,750)	90,448
Total Other Financing Sources (Uses)	<u>34,897</u>	<u>276,810</u>
Net Change in Fund Balances	856,608	515,113
<u>FUND BALANCES AT BEGINNING OF YEAR</u>	<u>8,683,781</u>	<u>8,168,668</u>
FUND BALANCES AT END OF YEAR	<u>\$ 9,540,389</u>	<u>\$ 8,683,781</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>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
<u>GOVERNMENTAL ACTIVITIES</u>				
Net Investment in Capital Assets	\$ 3,190,628	\$ 4,038,089	\$ 4,769,956	\$ 6,494,007
Restricted	1,104,094	1,078,124	1,096,435	941,509
Unrestricted	<u>6,194,951</u>	<u>7,769,020</u>	<u>9,598,385</u>	<u>8,576,444</u>
 TOTAL GOVERNMENTAL ACTIVITIES NET POSITION	 <u>\$ 10,489,673</u>	 <u>\$ 12,885,233</u>	 <u>\$ 15,464,776</u>	 <u>\$ 16,011,960</u>
<u>BUSINESS-TYPE ACTIVITIES</u>				
Net Investment in Capital Assets	\$ 5,998,464	\$ 5,724,282	\$ 5,466,484	\$ 5,326,566
Unrestricted	<u>1,063,981</u>	<u>1,484,166</u>	<u>1,835,916</u>	<u>2,126,850</u>
 TOTAL BUSINESS-TYPE ACTIVITIES NET POSITION	 <u>\$ 7,062,445</u>	 <u>\$ 7,208,448</u>	 <u>\$ 7,302,400</u>	 <u>\$ 7,453,416</u>
<u>PRIMARY GOVERNMENT</u>				
Net Investment in Capital Assets	\$ 9,189,092	\$ 9,762,371	\$ 10,236,440	\$ 11,820,573
Restricted	1,104,094	1,078,124	1,096,435	941,509
Unrestricted	<u>7,258,932</u>	<u>9,253,186</u>	<u>11,434,301</u>	<u>10,703,294</u>
 TOTAL PRIMARY GOVERNMENT NET POSITION	 <u>\$ 17,552,118</u>	 <u>\$ 20,093,681</u>	 <u>\$ 22,767,176</u>	 <u>\$ 23,465,376</u>

TABLE 1

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$ 7,660,148	\$ 7,660,148	\$ 8,073,159	\$ 8,441,921	\$ 7,684,247	\$ 10,047,544
1,277,624	1,277,624	1,160,105	3,018,682	3,179,395	1,884,219
<u>9,984,672</u>	<u>9,984,672</u>	<u>9,741,537</u>	<u>10,129,923</u>	<u>10,791,866</u>	<u>5,221,828</u>
<u>\$ 18,922,444</u>	<u>\$ 18,922,444</u>	<u>\$ 18,974,801</u>	<u>\$ 21,590,526</u>	<u>\$ 21,655,508</u>	<u>\$ 17,153,591</u>
\$ 5,048,551	\$ 4,872,400	\$ 5,264,573	\$ 5,095,397	\$ 5,025,941	\$ 5,209,804
<u>2,331,113</u>	<u>2,462,678</u>	<u>2,100,154</u>	<u>2,373,622</u>	<u>2,233,452</u>	<u>1,871,554</u>
<u>\$ 7,379,664</u>	<u>\$ 7,335,078</u>	<u>\$ 7,364,727</u>	<u>\$ 7,469,019</u>	<u>\$ 7,259,393</u>	<u>\$ 7,081,358</u>
\$ 12,708,699	\$ 12,532,548	\$ 13,337,732	\$ 13,537,318	\$ 12,710,188	\$ 15,257,348
1,277,624	1,277,624	1,160,105	3,018,682	3,179,395	1,884,219
<u>12,315,785</u>	<u>12,447,350</u>	<u>11,841,691</u>	<u>12,503,545</u>	<u>13,025,318</u>	<u>7,093,382</u>
<u>\$ 26,302,108</u>	<u>\$ 26,257,522</u>	<u>\$ 26,339,528</u>	<u>\$ 29,059,545</u>	<u>\$ 28,914,901</u>	<u>\$ 24,234,949</u>

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

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
<u>EXPENSES</u>				
<u>Governmental Activities</u>				
General Government	\$ 1,913,249	\$ 1,727,904	\$ 1,949,897	\$ 2,241,114
Public Safety	4,184,312	4,532,582	4,604,325	4,917,942
Public Works	1,769,316	1,789,777	1,998,935	2,108,618
Community Services	142,156	136,224	158,604	150,041
Interest on Long-Term Debt	937,454	959,606	926,629	892,894
Total Governmental Activities	<u>8,946,487</u>	<u>9,146,093</u>	<u>9,638,390</u>	<u>10,310,609</u>
<u>Business-Type Activities</u>				
Water and Wastewater Utilities	1,967,548	2,140,453	2,797,398	2,485,643
Utility Development Replacement and Renewal	80,965	66,829	57,199	64,269
Storm Water Fund	-	-	-	378,638
Total Business-Type Activities	<u>2,048,513</u>	<u>2,207,282</u>	<u>2,854,597</u>	<u>2,928,550</u>
 Total Primary Government Expenses	 <u>10,995,000</u>	 <u>11,353,375</u>	 <u>12,492,987</u>	 <u>13,239,159</u>
<u>PROGRAM REVENUES</u>				
<u>Governmental Activities</u>				
Charges for Service				
General Government	353,098	460,842	427,744	406,207
Public Safety	492,568	658,050	740,163	432,035
Public Works	456,875	512,209	594,974	229,949
Community Services	49,610	52,478	53,092	56,278
Operating Grants and Contributions	1,433,601	1,190,606	1,810,682	1,271,376
Capital Grants and Contributions	37,238	147,000	41,125	3,375
Total Governmental Activities Program Revenues	<u>2,822,990</u>	<u>3,021,185</u>	<u>3,667,780</u>	<u>2,399,220</u>
<u>Business-Type Activities</u>				
Charges for Service				
Water and Wastewater Utilities	2,412,074	2,609,911	3,217,871	2,782,143
Utility Development Replacement and Renewal	-	-	-	-
Storm Water Fund	-	-	-	336,092
Capital Grants and Contributions	-	-	-	44,500
Total Business-Type Activities Program Revenues	<u>2,412,074</u>	<u>2,609,911</u>	<u>3,217,871</u>	<u>3,162,735</u>
 Total Primary Government Program Revenues	 <u>5,235,064</u>	 <u>5,631,096</u>	 <u>6,885,651</u>	 <u>5,561,955</u>



TABLE 2

2010	2011	2012	2013	2014	2015
\$ 2,539,637	\$ 3,267,821	\$ 3,145,186	\$ 2,894,648	\$ 3,247,132	\$ 5,914,432
5,651,105	5,961,954	6,190,610	6,082,404	6,176,238	6,716,420
2,359,455	2,459,804	2,633,267	2,645,246	2,496,790	2,574,042
157,376	173,002	231,477	168,400	194,147	177,765
858,184	731,021	749,670	714,076	883,904	683,723
<u>11,565,757</u>	<u>12,593,602</u>	<u>12,950,210</u>	<u>12,504,774</u>	<u>12,998,211</u>	<u>16,066,382</u>
2,726,386	3,237,249	2,869,242	2,967,953	3,112,081	3,284,037
163,493	188,075	150,435	227,632	495,952	33,563
<u>375,347</u>	<u>380,789</u>	<u>422,827</u>	<u>408,917</u>	<u>398,244</u>	<u>397,259</u>
<u>3,265,226</u>	<u>3,806,113</u>	<u>3,442,504</u>	<u>3,604,502</u>	<u>4,006,277</u>	<u>3,714,859</u>
14,830,983	16,399,715	16,392,714	16,109,276	17,004,488	19,781,241
382,722	387,329	458,595	583,196	68,028	208,017
1,315,857	497,400	621,369	635,248	734,979	531,948
374,441	405,199	269,836	270,191	220,522	281,317
59,846	58,355	48,986	55,676	58,118	63,496
89,986	92,968	175,935	3,095	15,635	77,500
-	-	-	413,886	-	-
<u>2,222,852</u>	<u>1,441,251</u>	<u>1,574,721</u>	<u>1,961,292</u>	<u>1,097,282</u>	<u>1,162,278</u>
2,890,678	3,476,022	3,278,597	3,427,956	3,480,567	3,550,228
-	-	4,017	2,339	14,922	-
638,633	602,902	538,236	548,990	550,201	552,245
-	-	-	-	-	-
<u>3,529,311</u>	<u>4,078,924</u>	<u>3,820,850</u>	<u>3,979,285</u>	<u>4,045,690</u>	<u>4,102,473</u>
<u>5,752,163</u>	<u>5,520,175</u>	<u>5,395,571</u>	<u>5,940,577</u>	<u>5,142,972</u>	<u>5,264,751</u>

(CONTINUED)

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

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
<u>Net (Expense) Revenues</u>				
Governmental Activities	\$(6,123,497)	\$(6,124,908)	\$(5,970,610)	\$(7,911,389)
Business-Type Activities	<u>363,561</u>	<u>402,629</u>	<u>363,274</u>	<u>234,185</u>
Total Primary Government				
Net Expenses	<u>(5,759,936)</u>	<u>(5,722,279)</u>	<u>(5,607,336)</u>	<u>(7,677,204)</u>
 <u>GOVERNMENTAL REVENUES AND OTHER</u> <u>CHANGES IN NET POSITION</u>				
<u>Governmental Activities</u>				
Taxes				
Property Taxes	2,070,122	2,309,242	2,551,884	3,031,549
Sales Taxes	3,823,324	4,110,521	4,113,296	4,113,131
Franchise Taxes	573,885	631,709	662,237	717,274
Beverage Taxes	59,046	60,625	62,845	77,701
Occupancy Taxes	210,113	209,117	211,669	185,162
Interest and Investment Earnings	695,967	828,381	496,053	137,002
Sale of Capital Assets	-	-	-	-
Miscellaneous	53,370	53,379	131,953	98,183
Transfers	<u>318,104</u>	<u>317,494</u>	<u>320,216</u>	<u>98,570</u>
Total Governmental Activities	<u>7,803,931</u>	<u>8,520,468</u>	<u>8,550,153</u>	<u>8,458,572</u>
 <u>Business-Type Activities</u>				
Unrestricted Grants and Contributions	308,149	4,500	-	-
Interest and Investment Earnings	40,011	54,532	49,538	15,401
Miscellaneous	8,108	1,836	1,356	-
Transfers	<u>(318,104)</u>	<u>(317,494)</u>	<u>(320,216)</u>	<u>(98,570)</u>
Total Business-Type Activities	<u>38,164</u>	<u>(256,626)</u>	<u>(269,322)</u>	<u>(83,169)</u>
 <u>CHANGES IN NET POSITION</u>				
Governmental Activities	1,680,434	2,395,560	2,579,543	547,183
Business-Type Activities	<u>401,725</u>	<u>146,003</u>	<u>93,952</u>	<u>151,016</u>
 TOTAL PRIMARY GOVERNMENT	 <u>\$ 2,082,159</u>	 <u>\$ 2,541,563</u>	 <u>\$ 2,673,495</u>	 <u>\$ 698,199</u>

TABLE 2 (CONTINUED)

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<u>\$ (9,342,905)</u>	<u>\$ (11,152,351)</u>	<u>\$ (11,375,489)</u>	<u>\$ (10,543,482)</u>	<u>\$ (11,900,929)</u>	<u>\$ (14,904,104)</u>
<u>264,085</u>	<u>272,811</u>	<u>378,346</u>	<u>374,783</u>	<u>39,413</u>	<u>387,614</u>
<u>(9,078,820)</u>	<u>(10,879,540)</u>	<u>(10,997,143)</u>	<u>(10,168,699)</u>	<u>(11,861,516)</u>	<u>(14,516,490)</u>
3,542,393	3,631,698	3,657,100	3,728,011	3,877,655	4,770,375
5,600,972	5,883,522	6,200,731	6,265,374	6,512,987	7,413,737
810,184	812,004	852,464	818,781	1,060,879	1,179,497
82,225	81,905	67,084	74,078	94,889	101,768
156,639	166,460	244,018	345,329	403,004	436,420
57,975	51,499	33,704	58,912	37,346	69,873
-	-	-	1,577,767	-	12,209
55,112	138,072	21,595	18,231	39,380	42,045
<u>342,051</u>	<u>320,338</u>	<u>351,150</u>	<u>272,724</u>	<u>249,785</u>	<u>103,803</u>
<u>10,647,551</u>	<u>11,085,498</u>	<u>11,427,846</u>	<u>13,159,207</u>	<u>12,275,925</u>	<u>14,129,727</u>
-	-	-	-	-	-
4,214	2,941	2,453	2,233	746	1,105
-	-	-	-	-	-
<u>(342,051)</u>	<u>(320,338)</u>	<u>(351,150)</u>	<u>(272,724)</u>	<u>(249,785)</u>	<u>(103,803)</u>
<u>(337,837)</u>	<u>(317,397)</u>	<u>(348,697)</u>	<u>(270,491)</u>	<u>(249,039)</u>	<u>(102,698)</u>
1,304,646	(66,853)	52,357	2,615,725	374,996	(774,377)
<u>(73,752)</u>	<u>(44,586)</u>	<u>29,649</u>	<u>104,292</u>	<u>(209,626)</u>	<u>284,916</u>
<u>\$ 1,230,894</u>	<u>\$ (111,439)</u>	<u>\$ 82,006</u>	<u>\$ 2,720,017</u>	<u>\$ 165,370</u>	<u>\$ (489,461)</u>

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

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
<u>GENERAL FUND</u>				
Reserved	\$ 24,634	\$ 20,790	\$ 16,678	\$ 73,398
Unreserved	5,653,296	7,010,350	7,825,520	8,127,315
Nonspendable:				
Prepaid Items	-	-	-	-
Restricted:				
Weed Abatement	-	-	-	-
Committed:				
Asset Replacement	-	-	-	-
Unassigned:	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 TOTAL GENERAL FUND	 <u>\$ 5,677,930</u>	 <u>\$ 7,031,140</u>	 <u>\$ 7,842,198</u>	 <u>\$ 8,200,713</u>
 <u>ALL OTHER GOVERNMENTAL FUNDS</u>				
Reserved	\$ 240,903	\$ 183,327	\$ 934,274	\$ 783,126
Unreserved, Reported in:				
Special Revenue Funds	615,179	694,538	303,594	274,038
Capital Project Funds*	12,940,858	8,238,013	3,696,883	1,703,372
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>\$ 13,796,940</u>	 <u>\$ 9,115,878</u>	 <u>\$ 4,934,751</u>	 <u>\$ 2,760,536</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

2010	2011	2012	2013	2014	2015
\$ 38,465	\$ -	\$ -	\$ -	\$ -	\$ -
8,380,372	-	-	-	-	-
-	15,548	19,307	18,730	10,127	10,022
-	17,988	12,323	8,827	10,416	15,465
-	1,784,217	1,572,184	1,625,100	1,846,355	1,978,705
-	<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>\$8,418,837</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>
\$1,567,597	\$ -	\$ -	\$ -	\$ -	\$ -
1,980,717	-	-	-	-	-
338,044	-	-	-	-	-
-	6,346	1,245	3,495	330	1,030
-	952,753	876,019	2,727,113	2,931,394	1,530,985
-	306,883	271,763	282,742	279,438	351,067
-	-	-	-	10,266,924	8,355,791
-	948,484	1,029,211	1,251,685	1,506,054	1,701,322
-	<u>480,357</u>	<u>396,086</u>	<u>598,290</u>	<u>419,239</u>	<u>748,666</u>
<u>\$3,886,358</u>	<u>\$2,694,823</u>	<u>\$2,574,324</u>	<u>\$4,863,325</u>	<u>\$15,403,379</u>	<u>\$12,688,861</u>

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

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
<u>REVENUES</u>				
Taxes	\$6,760,437	\$ 7,301,639	\$ 7,611,875	\$ 8,115,759
Fines and Fees	519,420	503,053	816,140	580,709
Permits and Fees	466,447	522,866	631,038	258,750
Service Fees	366,284	476,851	412,934	415,268
Intergovernmental	1,467,138	1,337,605	1,851,807	1,118,038
Investment Earnings	695,967	829,670	496,053	137,002
Park Donations	-	-	-	156,713
Miscellaneous	53,870	53,379	131,953	98,183
Total Revenues	<u>10,329,563</u>	<u>11,025,063</u>	<u>11,951,800</u>	<u>10,880,422</u>
<u>EXPENDITURES</u>				
General Government	1,695,110	1,518,565	1,789,022	2,093,020
Public Safety	3,845,347	4,100,652	4,174,524	4,375,773
Public Works	1,487,248	1,525,635	1,627,949	1,422,997
Community Services	141,205	136,813	157,990	176,890
Debt Service				
Principal	865,000	855,000	890,000	920,000
Interest and Fiscal Charges	1,081,273	972,946	938,936	905,398
Capital Projects/Outlay	4,182,509	5,560,798	6,063,664	2,900,614
Total Expenditures	<u>13,297,692</u>	<u>14,670,409</u>	<u>15,642,085</u>	<u>12,794,692</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2,968,129)</u>	<u>(3,645,346)</u>	<u>(3,690,285)</u>	<u>(1,914,270)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In	388,877	385,267	1,189,938	386,773
Transfers Out	(70,773)	(67,773)	(869,722)	(288,203)
Sale of Capital Assets	-	-	-	-
Payment to Escrow Agent	-	-	-	-
Bond Premium	-	-	-	-
Proceeds of Long-Term Financing	5,358,403	-	-	-
Total Other Financing Sources (Uses)	<u>5,676,507</u>	<u>317,494</u>	<u>320,216</u>	<u>98,570</u>
NET CHANGE IN FUND BALANCES	<u>\$2,708,378</u>	<u>\$(3,327,852)</u>	<u>\$(3,370,069)</u>	<u>\$(1,815,700)</u>
Debt Service as a Percentage of Noncapital Expenditures	21.35%	20.07%	18.87%	18.17%

TABLE 4

2010	2011	2012	2013	2014	2015
\$10,045,969	\$10,527,601	\$10,963,810	\$11,261,773	\$11,886,271	\$ 13,939,465
528,495	408,919	385,970	439,717	507,975	470,667
421,730	443,903	323,162	324,816	260,592	329,905
725,494	557,962	500,795	284,374	124,020	126,610
204,883	198,987	378,691	473,950	121,648	213,157
57,975	51,499	33,704	58,912	37,346	69,873
-	-	-	-	-	-
161,612	162,504	25,165	42,780	89,284	76,125
<u>12,146,158</u>	<u>12,351,375</u>	<u>12,611,297</u>	<u>12,886,322</u>	<u>13,027,136</u>	<u>15,225,802</u>
2,438,041	3,176,380	2,933,418	2,682,625	3,039,743	5,696,385
5,015,890	5,317,197	5,601,217	5,570,275	5,599,405	6,055,839
1,657,466	1,758,536	1,847,754	1,824,433	1,689,321	1,792,428
157,376	173,002	231,477	168,400	194,147	178,235
950,000	990,000	1,070,000	1,115,000	1,155,000	1,550,000
870,673	784,011	762,438	705,915	934,229	791,505
<u>1,615,326</u>	<u>1,717,896</u>	<u>1,386,010</u>	<u>431,970</u>	<u>499,420</u>	<u>1,123,191</u>
<u>12,704,772</u>	<u>13,917,022</u>	<u>13,832,314</u>	<u>12,498,618</u>	<u>13,111,265</u>	<u>17,187,583</u>
<u>(558,614)</u>	<u>(1,565,647)</u>	<u>(1,221,017)</u>	<u>387,704</u>	<u>(84,129)</u>	<u>(1,961,781)</u>
1,934,595	1,407,573	1,623,341	1,888,552	1,534,275	2,048,548
(1,592,544)	(1,087,235)	(1,272,191)	(1,615,828)	(1,284,490)	(1,944,745)
-	-	-	1,628,272	-	68
-	-	-	-	(10,164,455)	-
-	-	-	-	1,538,966	-
-	3,274	550,000	-	19,515,000	-
<u>342,051</u>	<u>323,612</u>	<u>901,150</u>	<u>1,900,996</u>	<u>11,139,296</u>	<u>103,871</u>
<u>\$ (216,563)</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>
16.42%	14.54%	14.72%	15.09%	11.29%	14.58%

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>
2006	\$ 2,062,458	\$ 3,854,935	\$ 573,885	\$ 59,046	\$ 210,113	\$ 6,760,437
2007	2,317,376	4,082,812	631,709	60,625	209,117	7,301,639
2008	2,550,817	4,124,307	662,237	62,845	211,669	7,611,875
2009	3,015,749	4,119,873	717,274	77,701	185,162	8,115,759
2010	3,395,949	5,660,972	810,184	82,225	156,639	10,105,969
2011	3,583,711	5,883,522	812,003	81,905	166,460	10,527,601
2012	3,599,513	6,200,731	852,464	67,084	244,018	10,963,810
2013	3,758,211	6,265,374	818,781	74,078	345,329	11,261,773
2014	3,814,512	6,512,987	1,060,879	94,889	403,004	11,886,271
2015	4,808,043	7,413,737	1,179,497	101,768	436,420	13,939,465



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

BUSINESS CLASS	2014/15		2013/14		2012/13	
	RANK	% OF TOTAL	RANK	% OF TOTAL	RANK	% OF TOTAL
Home Centers	1	11.0	2	10.9	2	11.3
Radio, TV, & Other Elec	2	10.4	1	11.2	1	12.2
Discount Dept Store	3	8.4	3	9.1	3	9.8
Full-Service Restaurant	4	8.4	4	8.2	4	8.8
Furniture Stores	5	6.3	16	1.7	19	1.1
Wired Telecommunication	6	5.2	6	5.1	7	4.3
Limited-Service Rest	7	4.7	7	5.1	6	5.5
Department Stores	8	4.3	5	5.1	5	6.0
Jewelry Stores	9	3.6	8	3.7	9	3.7
Other Retail	10	3.4	9	3.5	8	3.8
Other Elec & Appliances	11	3.2	13	2.1	--	--
Health Care & Social	12	2.9	11	3.0	13	2.6
Motion Picture Theaters	13	2.8	10	3.2	10	3.6
Other Apparel Stores	14	2.5	12	2.9	12	3.1
Tire Dealers	15	2.0	14	2.0	14	2.1
New Car Dealers	16	1.7	15	2.0	11	3.2
Wholesalers Durable	17	1.3	17	1.4	15	1.5
Other Food Service	18	1.3	--	--	--	--
Elec, Appl, Computer	19	1.2	--	--	--	--
Elec Power Gen, Trans	20	1.1	19	1.2	16	1.3
Amusement, Gambling, Rec	--	--	20	1.2	20	1.0
Shoe Stores	--	--	18	1.3	--	--
Direct Selling Establis	--	--	--	--	18	1.1
Automotive Repair/Maint	--	--	--	--	17	1.2
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>2011/12</u>		<u>2010/11</u>		<u>2009/10</u>		<u>2008/09</u>	
<u>RANK</u>	<u>% OF TOTAL</u>	<u>RANK</u>	<u>% OF TOTAL</u>	<u>RANK</u>	<u>% OF TOTAL</u>	<u>RANK</u>	<u>% OF TOTAL</u>
2	10.7	2	10.7	2	10.7	3	11.4
1	12.4	1	12.4	1	13.2	1	15.8
3	10.0	3	10.3	3	10.6	2	11.8
4	9.2	4	10.2	4	10.1	4	9.3
15	1.3	15	1.8	15	2.0	15	1.4
7	4.3	7	4.2	6	5.0	7	4.7
6	5.2	6	4.3	8	3.5	9	3.6
5	6.3	5	6.5	5	6.6	5	6.7
10	3.3	11	3.2	13	2.6	12	1.8
8	4.0	8	3.9	11	3.1	--	--
--	--	--	--	--	--	--	--
13	2.3	13	2.7	12	2.8	6	4.7
9	3.5	9	3.6	7	4.1	8	4.0
12	3.1	12	3.1	10	3.1	11	3.1
14	2.0	14	1.9	16	1.8	14	1.4
11	3.3	10	3.3	9	3.4	10	3.1
16	1.2	17	1.2	--	--	16	1.4
--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--
17	1.2	16	1.4	17	1.3	17	1.3
20	1.0	20	1.0	--	--	--	--
--	--	--	--	--	--	--	--
19	1.1	19	1.1	20	1.0	20	0.9
18	1.2	18	1.1	18	1.2	18	1.1
--	--	--	--	14	2.1	13	1.8
--	--	--	--	19	1.0	--	--
--	--	--	--	--	--	19	0.9

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

TABLE 7

FISCAL YEAR ENDED SEPTEMBER 30,	TAXES LEVIED FOR THE FISCAL YEAR	COLLECTED WITHIN FISCAL YEAR OF LEVY		COLLECTIONS IN SUBSEQUENT YEARS	TOTAL COLLECTIONS TO DATE		PENALTIES AND INTEREST COLLECTED
		AMOUNT	% OF LEVY		AMOUNT	% OF LEVY	
2005	\$ 2,211,411	\$ 2,193,585	99.2%	\$ 16,551	\$ 2,210,136	99.9%	\$ 24,363
2006	2,103,091	2,079,711	98.9%	22,490	2,102,201	100.0%	16,812
2007	2,360,097	2,342,774	99.3%	15,683	2,358,457	99.9%	14,859
2008	2,616,658	2,599,429	99.3%	14,942	2,614,371	99.9%	14,045
2009	3,184,637	3,156,003	99.1%	23,186	3,179,189	99.8%	13,392
2010	3,602,995	3,564,494	98.9%	32,350	3,596,844	99.8%	16,203
2011	3,727,705	3,710,594	99.5%	11,565	3,722,159	99.9%	20,734
2012	3,823,938	3,799,510	99.4%	19,544	3,819,054	99.9%	11,762
2013	3,919,285	3,904,807	99.6%	8,939	3,913,746	99.9%	16,300
2014	4,053,449	3,978,852	99.6%	67,930	4,046,782	99.8%	10,352
2015	4,863,092	4,848,896	99.7%	-	4,848,896	99.7%	11,235

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
2006	0.251521	0.158479	0.410000	1.7760	1.79400	0.10705	0.016425	0.318471	0.012719	0.243869
2007	0.250039	0.134961	0.385000	1.6360	1.66900	0.13710	0.016045	0.314147	0.012719	0.243869
2008	0.255248	0.109152	0.364400	1.4100	1.40290	0.13455	0.015951	0.295104	0.031762	0.237408
2009	0.301238	0.103893	0.405131	1.4650	1.40290	0.13586	0.015951	0.289399	0.037467	0.261022
2010	0.350000	0.099369	0.449369	1.4630	1.40290	0.135855	0.015951	0.296187	0.030679	0.266235
2011	0.373790	0.102993	0.476783	1.4630	1.40290	0.141623	0.016652	0.296187	0.030679	0.276235
2012	0.378511	0.098780	0.477291	1.4250	1.42500	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

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>
2006	2005	\$ 313,821,282	\$ 287,083,657	\$ 87,960,998	\$ 512,943,941	0.410000	\$ 600,904,939
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

Source: Bexar Appraisal District.

CITY OF LIVE OAK, TEXAS  
PRINCIPAL PROPERTY TAXPAYERS  
SEPTEMBER 30, 2015  
(UNAUDITED)

TABLE 10

<u>TAXPAYER</u>	<u>2014 TAX ROLL</u>		<u>% OF TOTAL ASSESSED VALUATION</u>
	<u>ASSESSED VALUATION</u>	<u>RANK</u>	
Methodist Healthcare System S.A.	\$ 66,951,722	1	6.91%
Mira Loma, LLC	63,500,000	2	6.56%
Randolph Brooks Federal Credit Union	41,036,690	3	4.24%
Continental 136 Fund	28,000,000	4	2.89%
MBS - Colonnade LTD	27,250,000	5	2.81%
Redus Tx Properties, LLC	21,903,419	6	2.26%
S A Development Company LP	17,021,493	7	1.76%
Jordan Ford, Inc	13,581,080	8	1.40%
Target Corporation	13,264,230	9	1.37%
HD Development Prop LP	11,896,090	10	1.23%
	<u>\$ 304,404,724</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						
2006	11,440,000	9,495,000	-	-	20,935,000	512,943,941	4.1%	7.6%	1,745	
2007	10,995,000	9,085,000	-	-	20,080,000	614,973,832	3.3%	6.8%	1,606	
2008	10,535,000	8,655,000	-	-	19,190,000	722,818,606	2.7%	6.5%	1,535	
2009	10,519,041	8,210,000	-	-	18,729,041	795,783,381	2.4%	6.4%	1,390	
2010	10,003,807	7,745,000	-	-	17,748,807	819,569,693	2.2%	5.9%	1,283	
2011	12,735,642	4,010,000	-	-	16,745,642	794,371,706	2.1%	5.3%	1,255	
2012	11,944,203	3,795,000	470,000	485,000	16,694,203	812,842,037	2.1%	5.2%	1,222	
2013	11,112,764	3,570,000	395,000	365,000	15,442,764	856,156,984	1.8%	4.8%	1,144	
2014	23,876,889	765,000	320,000	245,000	25,206,889	915,301,654	2.8%	7.3%	1,708	
2015	22,541,707	255,000	80,000	125,000	23,001,707	968,468,534	2.4%	6.0%	25,286	

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>\$ 968,468,534</u>
*DEBT LIMIT (10% of ASSESSED VALUE)	<u>\$ 96,846,853</u>
Outstanding Debt	\$ 22,876,707
Less: Amount Set Aside for Repayment of General Obligation Debt	<u>351,067</u>
Total Net Debt Applicable to Limit	<u>23,227,774</u>
 ECONOMIC DEBT MARGIN	 <u>\$ 73,619,079</u>

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>FISCAL</u> <u>2009</u>
Debt Limit	\$ 51,294,394	\$ 61,497,383	\$ 72,281,861	\$ 79,578,338
Total Net Debt Applicable to Limit	<u>(20,696,414)</u>	<u>(19,898,990)</u>	<u>(18,996,178)</u>	<u>(18,044,640)</u>
 ECONOMIC DEBT MARGIN	 <u>\$ 30,597,980</u>	 <u>\$ 41,598,393</u>	 <u>\$ 53,285,683</u>	 <u>\$ 61,533,698</u>

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

TABLE 12

YEAR						
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
	\$ 81,956,969	\$ 79,437,171	\$ 81,284,204	\$ 85,615,698	\$ 91,530,165	\$ 96,846,853
	<u>(17,086,955)</u>	<u>(16,178,117)</u>	<u>(16,178,237)</u>	<u>(14,567,258)</u>	<u>(24,682,451)</u>	<u>(23,227,774)</u>
	<u>\$ 64,870,014</u>	<u>\$ 63,259,054</u>	<u>\$ 65,105,967</u>	<u>\$ 71,048,440</u>	<u>\$ 66,847,714</u>	<u>\$ 73,619,079</u>

CITY OF LIVE OAK, TEXAS  
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
SEPTEMBER 30, 2015  
(UNAUDITED)

TABLE 13

GOVERNMENTAL UNIT	DEBT OUTSTANDING	ESTIMATED PERCENTAGE APPLICABLE*	ESTIMATED SHARE OF OVERLAPPING DEBT
<i>Debt Repaid with Property Taxes:</i>			
Alamo CCD	\$ 488,040,000	0.90%	\$ 4,392,360
Bexar County	1,694,410,000	0.90%	15,249,690
Bexar County Hospital District	709,120,000	0.81%	5,743,872
Judson ISD	435,059,205	9.35%	40,678,036
North East ISD	1,442,738,775	1.11%	16,014,400
San Antonio River Authority	25,735,000	0.76%	<u>195,586</u>
Subtotal - Overlapping Debt			82,273,944
City of Live Oak - Direct Debt			<u>22,876,707</u>
			<u>\$ 105,150,651</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>
2006	12,000	276,000	23,000	35.0	2,800	3.0%
2007	12,500	293,750	23,500	36.5	3,200	3.9%
2008	12,500	293,750	23,500	36.5	3,240	5.1%
2009	13,142	283,696	21,587	34.3	6,298	6.8%
2010	13,500	291,425	21,587	35.3	7,155	7.6%
2011	13,131	310,942	23,680	36.5	7,346	7.0%
2012	13,455	316,300	23,508	35.5	6,849	7.1%
2013	13,301	314,582	23,651	35.5	6,982	5.9%
2014	14,751	345,026	23,390	35.5	6,997	4.7%
2015	15,116	382,223	25,286	37.4	6,999	3.2%

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

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

TABLE 15

EMPLOYER	2015			2006*		
	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	9,154	5	0.90	N/A	N/A	N/A
Methodist Healthcare System	8,118	6	0.90	N/A	N/A	N/A
San Antonio I.S.D.	7,000	7	0.80	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>100,926</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	2015	
	EMPLOYEES	RANK
Randolph Brooks Federal Credit Union	928	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>3,405</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	2006	2007	2008	2009
Police				
Traffic Violations	6,684	7,445	6,637	3,302
Arrests	910	768	551	591
Fire				
Fire Calls	342	257	228	431
EMS Calls	867	804	904	914
Inspections	8,088	5,268	4,648	3,163
Public Works				
Street Resurfacing (Miles)	10.60	-	8.20	2.27
Sidewalk Construction (Feet)	13,200	13,202	11,509	14,092
Water				
Service Connections	2,441	2,540	2,582	2,597
Average Daily Consumption in Gallons				
Pumpage	1,353,442	1,380,510	1,011,153	997,801
Billing	1,141,371	1,198,440	1,002,776	989,686
Average	1,247,407	1,309,777	1,006,964	988,250
Sewage				
Service Connections	3,690	3,890	4,172	4,290
Average Daily Treatment of Gallons	1,076,572	1,108,869	1,355,748	1,284,610

Source: Various City Departments



TABLE 16

2010	2011	2012	2013	2014	2015
3,268	4,562	4,367	2,425	8,706	5,494
614	484	534	545	545	411
278	596	284	373	308	436
1,102	1,041	1,197	1,166	1,128	1,017
541	95	239	206	415	923
7.40	0.50	0.10	-	-	1.16
8,290	5,423	2,890	1,906	155	1,056
2,537	2,611	2,689	2,696	2,731	2,777
998,507	1,076,258	1,042,873	1,057,638	1,026,292	1,226,056
999,608	1,090,771	1,029,259	1,039,478	1,015,011	1,037,195
999,057	1,083,514	1,036,066	1,048,558	1,533,798	1,131,626
4,270	4,435	4,550	4,589	4,710	4,713
837,573	1,245,783	1,134,022	1,203,647	1,266,534	761,108

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

TABLE 17

FUNCTION	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Officers (Including Reserves)	35	34	31	35	36	35	35	38	36	35
Fire										
Stations	1	1	1	1	1	1	1	1	1	1
Firefighters (Including Reserves)	30	31	20	20	22	23	22	22	22	22
Culture and Recreation										
Community Centers	1	1	1	1	1	1	1	1	1	1
Parks	2	2	2	3	3	3	3	3	3	3
Swimming Pools	1	1	1	1	1	1	1	1	1	1
Public Works										
Miles of Streets	43.20	45.20	45.20	45.20	45.20	45.20	45.20	45.20	45.00	45.00
Water										
Miles of Water Mains	28.0	29.0	30.0	30.0	30.0	30.0	35.0	35.0	35.0	35.0
Number of Hydrants	280	295	300	435	436	436	436	436	436	440
Sewer										
Miles of Sanitary Sewers	40	42	43	43	43	43	43	43	43	43
Feet of Storm Sewers	11,000	13,200	13,200	13,200	13,200	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>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General Government										
Business Office	11	12	12	11	9	11	12	10	9	9
Finance	2	3	4	4	4	5	5	5	4	4
Manager	3	3	3	3	3	3	3	1	1	1
Police										
Officers	25	31	30	31	32	32	32	32	32	32
Civilians	14	14	14	14	14	15	15	15	15	15
Fire										
Civilians	3	3	1	1	1	1.5	1.5	1.5	1.5	1.5
Firefighters and Officers	18	18	17	20	20	20	20	20	20	20
Public Works	11	14	17	11	12	12	11	10	11	11
Development	1	1	5	3	4	3.5	3.5	3.5	3.5	3.5
Parks	7	6	5	7	6	6	7	7	6	6
Water and Sewer	12	8	8	13	13	13	13	16	16	16
Civic Center	-	-	-	3	3	3	3	3.5	-	-
TOTALS	<u>107</u>	<u>113</u>	<u>116</u>	<u>121</u>	<u>121</u>	<u>120</u>	<u>124.5</u>	<u>124.5</u>	<u>119.0</u>	<u>119.0</u>

Source: City Annual Budget.

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## COMPLIANCE SECTION

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Live Oak, Texas, (the City) as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the City of Live Oak, Texas' basic financial statements, and have issued our report thereon dated January 26, 2016.

Internal Control Over Financial Reporting

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

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

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

#### Compliance and Other Matters

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

#### Purpose of this Report

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

ABIP, PC

Certified Public Accountants  
San Antonio, Texas

January 26, 2016