

# CITY OF LIVE OAK, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED SEPTEMBER 30, 2018

Prepared by:  
Finance Department  
Leroy Kowalik, Director of Finance

**abip**

CPAs | ADVISORS

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## **INTRODUCTORY SECTION**

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February 12, 2019

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

Dear Mayor and Members of City Council:

The City of Live Oak, Texas is required to publish each year, a complete set of financial statements presented in conformity with Generally Accepted Accounting Principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the Comprehensive Annual Financial Report of the City of Live Oak (the City) for the fiscal year ended September 30, 2018.

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

The City's financial statements have been audited by ABIP, P.C., a firm of licensed public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended September 30, 2018 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, 2018 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, 2018, the City has a land area of approximately 5.5 square miles and an estimated population of 15,820. The City is empowered to levy a property tax on both real and personal property located within its boundaries.

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

The City provides a full range of municipal services including public safety (police, fire and emergency medical services protection); residential and commercial solid waste sanitation services (through a franchise agreement with Waste Management), water and wastewater services, public improvements, repair and maintenance of infrastructure, recreational and community activities and general administrative services. Transportation, treatment and disposal of sewage are provided under separate contracts with the San Antonio River Authority, Cibolo Creek Municipal Authority and San Antonio Water System (see Note 10, Commitment and Contingencies, pages 52-53 of the notes to the financial statement). The City provides water service to most of the City, with the San Antonio Water System providing water service to the remaining portion of the City.

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

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

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

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

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

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

## **LOCAL ECONOMY**

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

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

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

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

The City enjoyed several grand openings of retail and food establishments since 2015. There are many more slated to open in 2019 and onward. Northeast Lakeview College enrollment has grown substantially since opening their doors. Northeast Lakeview College has a plan to become a major, higher education player for the region in the future with over 15,000 students. The Judson Early College Academy (JECA) offers students with an opportunity to not only earn their high school degree, but they will have also have earned an equivalent to an associate's degree as well. Students will have the ability to transfer these college credits to almost any college of choice. The Eagle Ford Shale development, one of the nation's biggest oil and natural gas fields, has provided a tremendous economic impact to neighboring counties that has spilled over into this area. The oil industry has dramatically declined over the last couple of years but is in the process of making a welcomed comeback and is still considered to have a solid presence in the area.

Economic indicators such as the unemployment rate and housing permits have remained positive in this area as compared to the national level. Construction began on several residential projects in 2018. Vista Ridge is a 202 home subdivision that could be one of the last to go up in Live Oak due to build out. The City also began construction on a 240 unit multi-family facility. Perhaps one of the biggest economic projects that should forever change the makeup for the City of Live Oak is the Live Oak Town Center Project. This project broke ground over a year ago, and the much anticipated grand opening of the only

San Antonio area IKEA Home Furnishings store is set for February 13, 2019. Other upcoming projects that either began construction or are well into the planning phases include: the continued development of the Live Oak Town Center, a second QT station and Camp Bow Wow. The headquarters for Randolph Brooks Federal Credit Union (RBFCU) is located in the City of Live Oak. RBFCU received their Certificate of Occupancy for their third administrative building on their beautiful campus in September 2018. The City of Live Oak continues to be a main focal point for several developers seeking to find a location for their business.

The City sold its Civic Center several years ago with the hopes of turning this property back to retail. The transition of use for this old Civic Center property has created momentum to revitalize the Pat Booker Road area of the City. This simple transaction sparked the continued growth that is still very visible throughout the City. Sales tax receipts throughout the past fiscal year saw higher levels than the previous fiscal year and above budget. The positive turn in the economy could be seen on interest income, building permits (commercial) and sales tax revenue the past several years. Fiscal Year 2019 is anticipated to be another very positive year.

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

## **LONG-TERM FINANCIAL PLANNING**

The City's Comprehensive Plan provided background information for a baseline analysis to formulate goals and objectives to guide our City through the years to 2022. The City updated both its Comprehensive and Parks Master Plan in fiscal year 2011. In the current 2018-2019 budget year, City Council has allocated funds to review, analyze and formulate the next City Comprehensive Plan. City Council also allocated funds for a Park Amenity and Future Use Plan in the current 2018/2019 budget year. These updates/plans should take the City well into the future.

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

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

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

## RELEVANT FINANCIAL POLICIES

Budgeting controls are governed by the City's Charter. Throughout the budgeting process, the City Council may make financial policies that dictate the uses and sources of funds for various needs. In the 2018 budget, Council endorsed a financial policy that would utilize \$1,000,804 of reserves to be used for contingencies (\$200,000), capital or capital related purchases (\$548,304) and one-time and/or emergency expenditures (\$252,500).

## MAJOR INITIATIVES

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

The City Council called for a May 2014 bond election, where three of the four bond proposals passed. Two of the approved proposals call for various street improvements throughout the City and a traffic signal at one of the City's busy intersections. The third proposal calls for lighting around the City's ball fields and a walking trail. Most of these bond projects were completed as of September 30, 2018. Some very small residual street improvement projects will continue into 2019 but are anticipated to be completed within 2019. The Parks improvement project for the Woodcrest Park is substantially complete with some small improvements being identified for 2019. The Lookout Road rehabilitation project began construction in conjunction with the general streets bond project and is complete.

## AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Live Oak for its comprehensive annual financial report (CAFR) for the fiscal year ended September 30, 2017. This was the eleventh 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

  
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Leroy Kowalik  
Director of Finance

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Government Finance Officers Association

**Certificate of  
Achievement  
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Presented to

**City of Live Oak  
Texas**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**September 30, 2017**

*Christopher P. Morrill*

Executive Director/CEO

**CITY OF LIVE OAK  
LIST OF ELECTED AND APPOINTED OFFICIALS  
SEPTEMBER 30, 2018**

**Elected Officials**

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

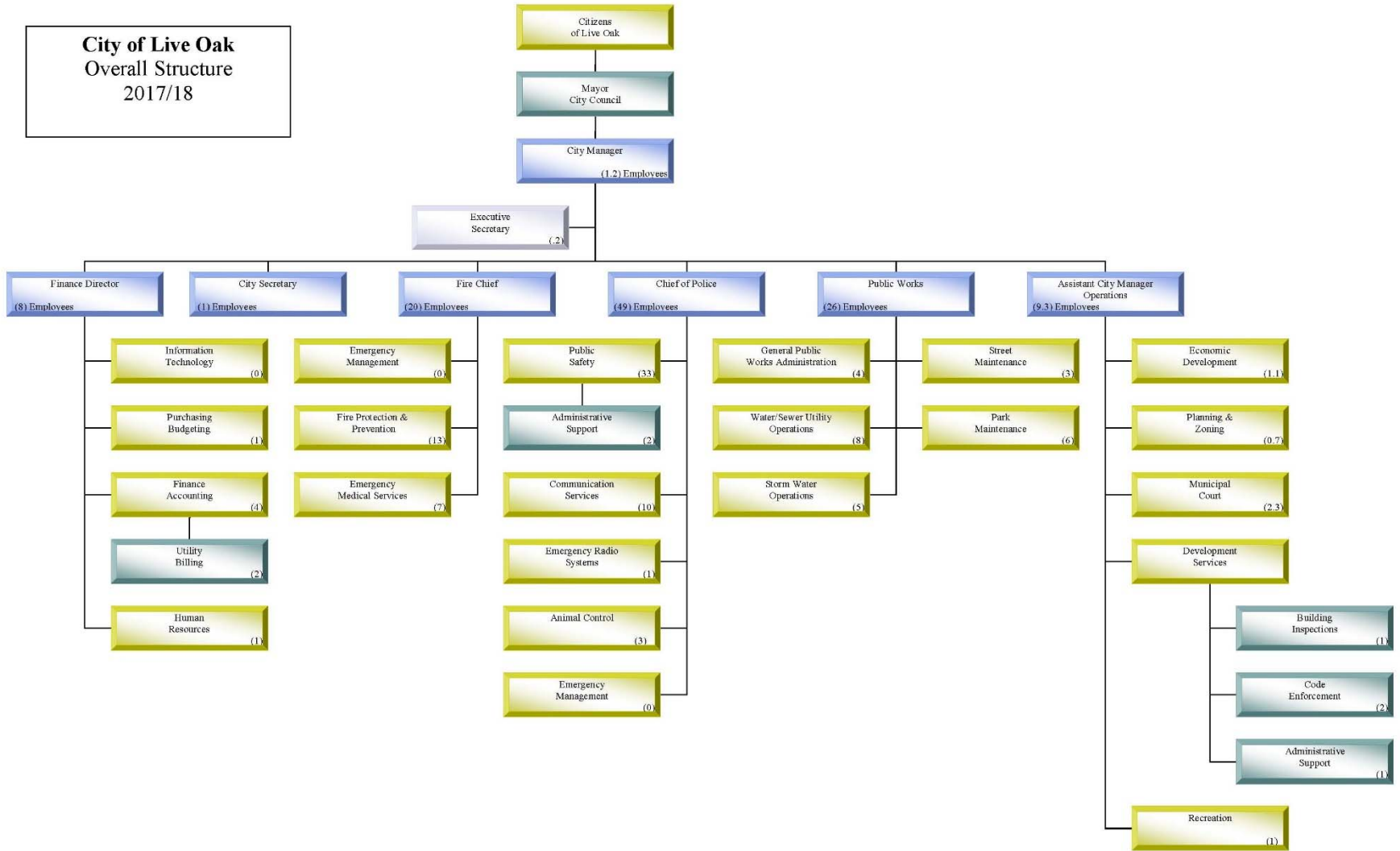
**Appointed Officials**

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



**CITY OF LIVE OAK, TEXAS  
ORGANIZATION CHART  
SEPTEMBER 30, 2018**

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



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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, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Live Oak, Texas, (the City) as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Live Oak, Texas as of September 30, 2018, 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.

## **Emphasis of Matter**

As described in Note 1 to the financial statements, in 2018, the City adopted new accounting guidance, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than 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, general fund budgetary comparison information, schedule of changes in net pension liability and related ratios, schedule of contributions for the net pension liability, total other postemployment benefits liability and related ratios, and schedule of contributions for the other postemployment benefits liability are required schedules to be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

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

The combining and individual non-major fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional

procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 12, 2019, 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

San Antonio, Texas  
February 12, 2019

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CITY OF LIVE OAK, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2018

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, 2018. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal which can be found on pages i-v of this report.

FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities at September 30, 2018 by \$18,990,399 (net position). Of this amount \$10,095,437 (unrestricted net position), may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net position increased from operations by \$1,294,713 after the restatement of beginning net position. A majority of this increase is attributable to an increase in general revenues and the decrease in expenditures due to the 2014 bond projects nearing completion.
- As of September 30, 2018 the City's governmental funds reported combined ending fund balances of \$15,829,221, an increase of \$142,213.
- The total debt of the City's governmental activities decreased by \$1,811,823 and business-type activities decreased from \$55,322 to \$54,111.
- The City implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which recognized additional liabilities of (\$303,303) and deferred outflows of resources of \$29,659.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

The government-wide financial statements can be found on pages 19-20 of this report.

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

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

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

The City maintains fourteen (14) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund 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 67. 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 31-54 of this report.

**Other Information** – In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City’s general fund budgetary comparisons and progress in funding its obligation to provide pension benefits and other postemployment benefits to its employees and retirees. Required supplementary information can be found on pages 57-63 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 67-83 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 \$18,990,399 (net position). Of this amount, \$10,095,437 (unrestricted net position) may be used to meet the ongoing obligations to citizens and creditors.

The 2<sup>nd</sup> largest portion of the City’s net position (34%) is its net investment in capital assets (e.g., land, buildings, infrastructure, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. Although the City’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The largest portion of the City’s net position (53%) is unrestricted while approximately (13%) represents resources that are subject to external restrictions on how they may be used.

#### NET POSITION

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	2018	2017	2018	2017	2018	2017
<b>ASSETS</b>						
Current and Other Assets	\$ 17,443,215	\$ 17,893,911	\$ 3,148,860	\$ 2,458,061	\$ 20,592,075	\$ 20,351,972
Capital Assets	<u>19,146,197</u>	<u>19,682,597</u>	<u>5,058,875</u>	<u>5,054,357</u>	<u>24,205,072</u>	<u>24,736,954</u>
Total Assets	<u>36,589,412</u>	<u>37,576,508</u>	<u>8,207,735</u>	<u>7,512,418</u>	<u>44,797,147</u>	<u>45,088,926</u>
<b>DEFERRED OUTFLOWS</b>	<u>1,523,846</u>	<u>2,206,157</u>	<u>158,206</u>	<u>229,997</u>	<u>1,682,052</u>	<u>2,436,154</u>
<b>LIABILITIES</b>						
Current Liabilities	2,704,439	3,523,041	1,208,928	606,948	3,913,367	4,129,989
Long-Term Liabilities	<u>21,745,661</u>	<u>24,768,190</u>	<u>671,242</u>	<u>837,583</u>	<u>22,416,903</u>	<u>25,605,773</u>
Total Liabilities	<u>24,450,100</u>	<u>28,291,231</u>	<u>1,880,170</u>	<u>1,444,531</u>	<u>26,330,270</u>	<u>29,735,762</u>
<b>DEFERRED INFLOWS</b>	<u>1,029,909</u>	<u>89,557</u>	<u>128,621</u>	<u>4,075</u>	<u>1,158,530</u>	<u>93,632</u>
<b>NET POSITION</b>						
Net Investment in						
Capital Assets	1,410,757	337,900	5,058,875	5,054,357	6,469,632	5,392,257
Restricted	2,425,330	2,083,220	-	-	2,425,330	2,083,220
Unrestricted	<u>8,797,162</u>	<u>8,980,757</u>	<u>1,298,275</u>	<u>1,239,452</u>	<u>10,095,437</u>	<u>10,220,209</u>
<b>TOTAL NET POSITION</b>	<u>\$ 12,633,249</u>	<u>\$ 11,401,877</u>	<u>\$ 6,357,150</u>	<u>\$ 6,293,809</u>	<u>\$ 18,990,399</u>	<u>\$ 17,695,686</u>

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

As of September 30, 2018, the City's net position increased by \$1,294,713 after the restatement of beginning net position. A majority of this increase is attributable to an increase in general revenues and the decrease in expenditures due to the 2014 bond projects nearing completion.

The following table indicates changes in net position for the governmental and business-type activities for the City as of September 30, 2018.

### CHANGES IN NET POSITION

	<u>GOVERNMENTAL ACTIVITIES</u>		<u>BUSINESS-TYPE ACTIVITIES</u>		<u>TOTAL</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<u>REVENUES</u>						
Program Revenues						
Charges for Services	\$ 1,300,695	\$ 1,963,480	\$ 4,619,301	\$ 3,812,187	\$ 5,919,996	\$ 5,775,667
Operating Grants & Contributions	974,452	44,845	-	-	974,452	44,845
Capital Grants & Contributions	-	270,000	197,698	147,337	197,698	417,337
General Revenues						
Property Taxes	5,405,636	5,302,619	-	-	5,405,636	5,302,619
Sales Taxes	6,016,246	5,836,773	-	-	6,016,246	5,836,773
Franchise Taxes	1,140,210	1,143,688	-	-	1,140,210	1,143,688
Beverage Taxes	94,623	105,722	-	-	94,623	105,722
Occupancy Taxes	592,016	596,882	-	-	592,016	596,882
Investment Earnings	215,721	158,707	36,099	16,534	251,820	175,241
Sale of Capital Assets	21,715	-	-	-	21,715	-
Miscellaneous	72,164	79,793	56,641	8,802	128,805	88,595
Total Revenues	<u>15,833,478</u>	<u>15,502,509</u>	<u>4,909,739</u>	<u>3,984,860</u>	<u>20,743,217</u>	<u>19,487,369</u>
<u>EXPENSES</u>						
General Government	3,957,565	5,832,574	-	-	3,957,565	5,832,574
Public Safety	7,208,670	7,141,799	-	-	7,208,670	7,141,799
Public Works	2,785,890	2,724,691	-	-	2,785,890	2,724,691
Community Services	244,312	236,786	-	-	244,312	236,786
Loss on Sale of Assets	-	50,497	-	-	-	50,497
Interest on Long-Term Debt	579,660	633,911	-	-	579,660	633,911
Water and Wastewater Utilities	-	-	3,679,114	3,322,107	3,679,114	3,322,107
Utility Development Replacement and Renewal	-	-	228,145	383,704	228,145	383,704
Storm Water Utilities	-	-	509,026	477,189	509,026	477,189
Total Expenses	<u>14,776,097</u>	<u>16,620,258</u>	<u>4,416,285</u>	<u>4,183,000</u>	<u>19,192,382</u>	<u>20,803,258</u>
Increase in Net Position before Transfers	1,057,381	(1,117,749)	493,454	(198,140)	1,550,835	(1,315,889)
<u>TRANSFERS</u>	<u>402,016</u>	<u>397,898</u>	<u>(402,016)</u>	<u>(397,898)</u>	<u>-</u>	<u>-</u>
Change in Net Position	1,459,397	(719,851)	91,438	(596,038)	1,550,835	(1,315,889)
<u>NET POSITION AT BEGINNING OF YEAR</u>	<u>11,401,877</u>	<u>12,121,728</u>	<u>6,293,809</u>	<u>6,889,847</u>	<u>17,695,686</u>	<u>19,011,575</u>
<u>RESTATEMENT OF NET POSITION AT BEGINNING OF YEAR</u>	<u>(228,025)</u>	<u>-</u>	<u>(28,097)</u>	<u>-</u>	<u>(256,122)</u>	<u>-</u>
<u>NET POSITION - BEGINNING, AS RESTATED</u>	<u>11,173,852</u>	<u>12,121,728</u>	<u>6,265,712</u>	<u>6,889,847</u>	<u>17,439,564</u>	<u>19,011,575</u>
NET POSITION - ENDING	<u>\$ 12,633,249</u>	<u>\$ 11,401,877</u>	<u>\$ 6,357,150</u>	<u>\$ 6,293,809</u>	<u>\$ 18,990,399</u>	<u>\$ 17,695,686</u>

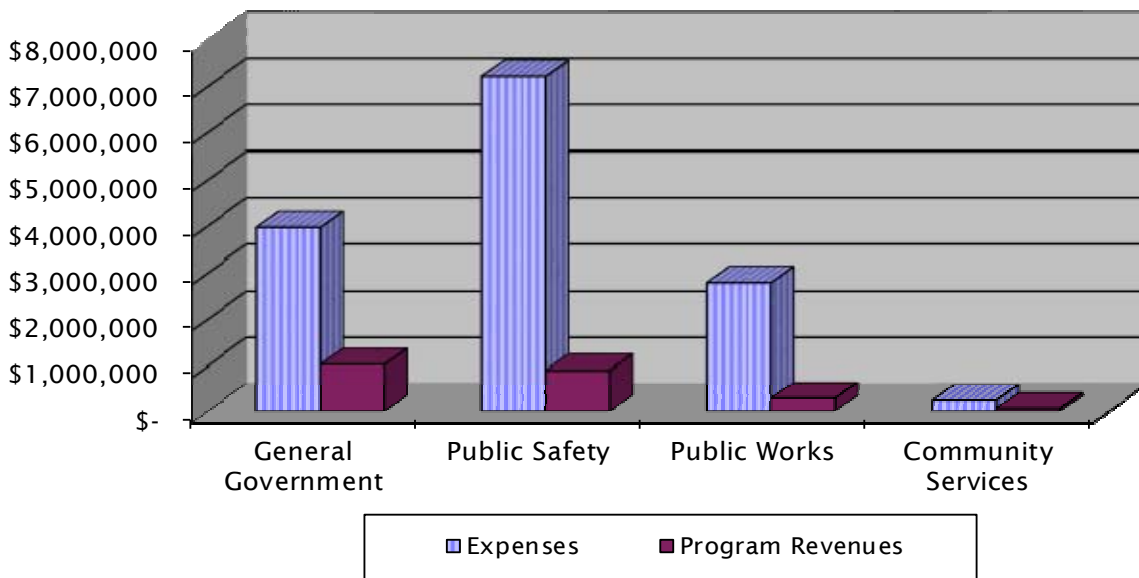
Governmental Activities – Governmental activities increased the City’s net position by \$1,231,372 after the restatement of beginning net position.

Key elements are as follows:

- Expenses for General Government decreased by \$1,875,009
- Expenses for Public Safety increased by \$66,871
- Expenses for Public Works increased by \$61,199
- Expenses for Community Services increased by \$7,526
- Expenses for Interest on Long-Term Debt decreased by \$54,251
- Property Taxes increased by \$103,017
- Sales Taxes increased by \$179,473
- Investment earnings increased by \$57,014
- All other General Revenues sources decreased by \$1,239

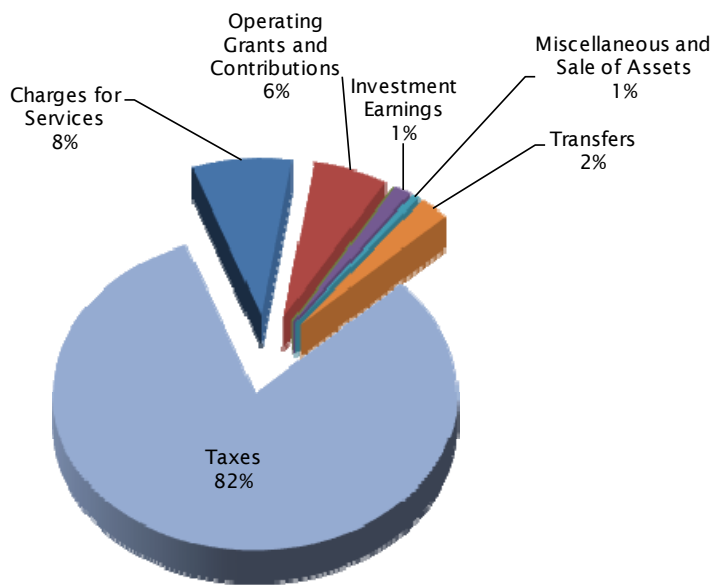
Below is a chart which depicts the expenses and program revenues for all governmental activities.

**EXPENSES AND PROGRAM REVENUES – GOVERNMENTAL ACTIVITIES**

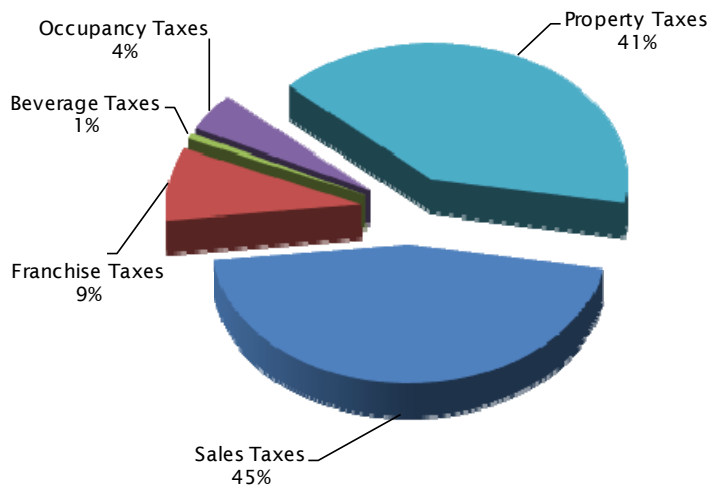


The following charts show first the revenues by source and second the tax revenue by source for all governmental activities.

**REVENUES BY SOURCE - GOVERNMENTAL ACTIVITIES**



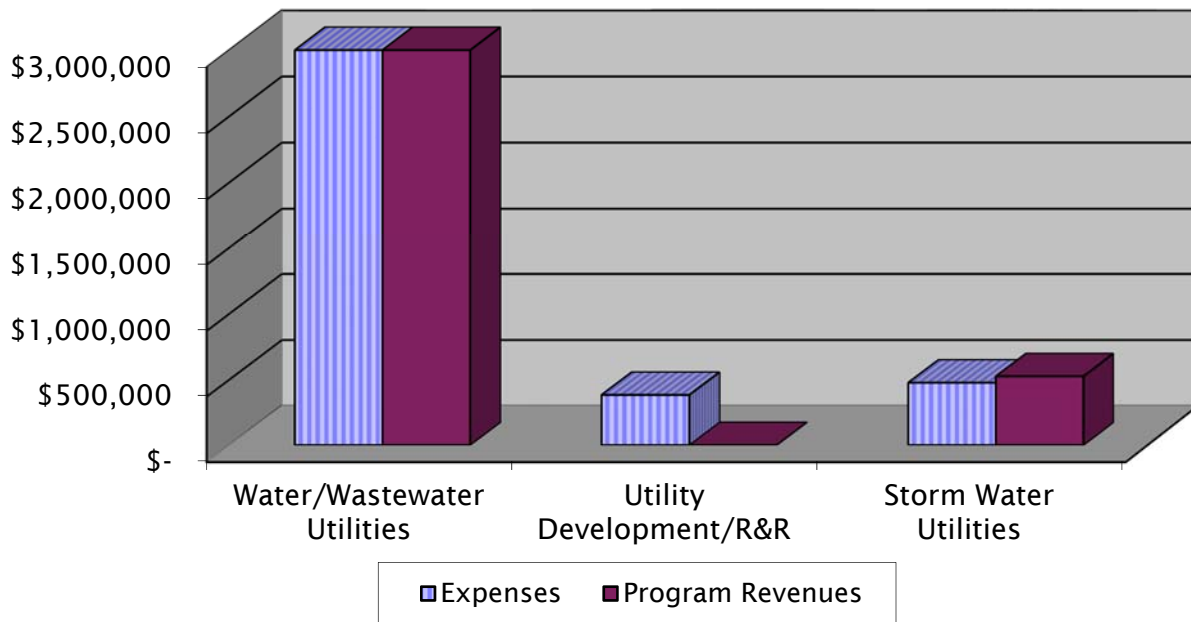
**TAX REVENUE BY SOURCE - GOVERNMENTAL ACTIVITIES**



**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 increased the City’s net position by \$63,341 after the restatement of beginning net position. This increase to net position was due primarily to implementing a budgeted water and sewer rate increase during the 2017/2018 budget cycle. 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.

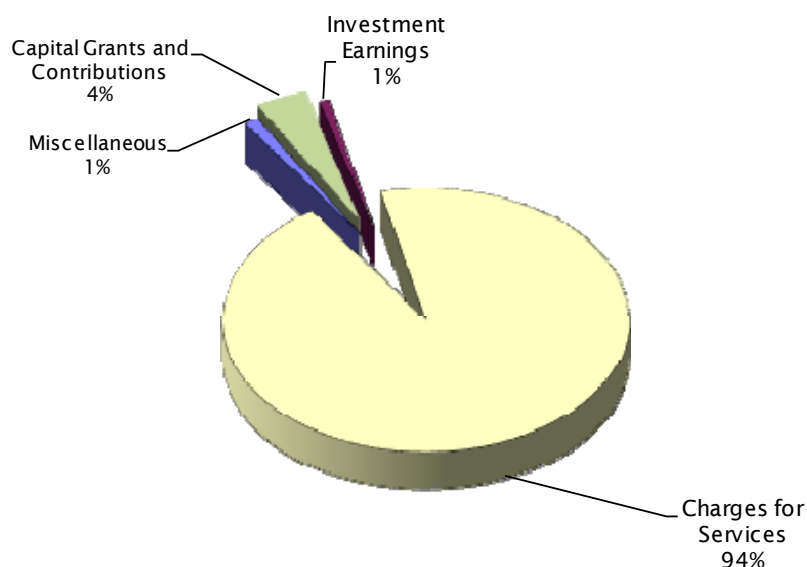
**EXPENSES AND PROGRAM REVENUES – BUSINESS-TYPE ACTIVITIES**



The revenues in the current fiscal year for the business-type activities increased by \$924,879 from 2017. The total expenditures for the business-type activities increased by \$233,285 from 2017. The primary reason for the increase in revenues is the implementation of a budgeted water and sewer rate increase during the 2017/2018 budget cycle and an increase in capital contributions for an upgrade to a lift station. The primary reason for the increase in expenditures from 2017 was attributable to an increase in expenses for operating the water and wastewater systems and an increase in repair costs in the Utility Development Replacement and Renewal Fund for several main breaks due to extreme weather changes.

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

### REVENUES BY SOURCE - BUSINESS-TYPE ACTIVITIES



### FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

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

As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$15,829,221, an increase of approximately \$142,213 from the prior year. A majority of this increase is attributable to an increase in sales tax and property tax revenues and the decrease in expenditures due to the 2014 bond projects nearing completion. \$10,044,706 (63.46%) of the ending fund balance is unassigned, which is available for spending at the City's discretion. The remaining amount of \$5,784,515 (36.54%) 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 \$10,044,706 compared to \$9,346,943 in 2017, an increase of \$697,763. This increase was primarily attributable to an increase in property and sales tax revenue and budget savings due to personnel vacancies and minor departmental reorganizations. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures.

The debt service fund had a total restricted fund balance of \$380,881 at the end of the current fiscal year. The total fund balance is restricted for the payment of debt service. The net increase was \$8,856 in fund balance from 2017 due to tax receipts being better than what was expected.

**Proprietary Funds** - The City's proprietary funds provide the same type of information found in the government-wide financial statements. Unrestricted net position of the water and sewer fund, the utility development replacement and renewal fund, and the storm water fund at the end of the current fiscal year was \$1,298,275 or approximately 31% of annual operating and non-operating expenses for the funds.

#### BUDGETARY HIGHLIGHTS

General Fund - There were no differences between the original budget and the amended budget because there was no budget amendments made during the 2018 fiscal year for the General Fund.

During the year, revenues were more than budgetary estimates by \$275,284 and expenditures were less than budgetary estimates by \$1,350,331.

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

- \$275,284 over budget in total revenues
  - Property Taxes – exceeded budget by \$5,101 due to final changes to protested assessed values.
  - Sales Tax - exceeded budget by \$123,626 due to a better than anticipated economic environment.
  - Franchise Taxes - exceeded budget by \$21,151 which is due to better than expected growth recognized throughout the City.
  - Beverage Taxes – were less than budgeted by \$20,377 which was due to several retail shops no longer selling liquor.
  - Fines and Fees – exceeded budget by \$87,254 which is due in part to stricter code enforcement and more citations issued.
  - Permits and Fees – were right at budget with a slight overage of \$1,023 which indicates that the economy is still strong.
  - Service Fees – were less than budgeted by \$18,448 which was due to decrease in fire reinspection fees collected.
  - Investment Earnings – exceeded budget by \$36,607 due to an increase in interest rates by the Feds.
  - Miscellaneous – exceeded budget by \$39,347.
  
- \$1,350,331 under budget in total expenditures
  - General Government:
    - Council – did not utilize the contingency budget.
    - City Secretary – professional fees came in way lower than anticipated and not having to hold an election.
    - Finance – primarily due to professional fees coming in lower than expected and some savings from personnel vacancies.
    - Information Technology – professional fees came in lower than expected as well as hardware and software maintenance costs.
    - Development Services – primarily due to not having to utilize some budgeted professional services expenses for certain inspections.
  - Public Safety – primarily due to personnel vacancies in the Police, Communications, and Fire/EMS departments.
  - Public Works – primarily due to lower than anticipated petroleum and utility costs, unspent emergency contingency money for major repairs and other various savings including personnel cost due to vacancies within the year.

#### 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, 2018 amounted to \$24,205,072 (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 2.2%.

At the end of fiscal year 2018, the City had invested in a broad range of capital assets, including police equipment, information technology, and streets and utilities. During the year, capital additions occurred in the water rights, building and improvements, streets and improvements and machinery and equipment categories. The City increased its construction in progress.

The following table shows capital asset activity for the 2018 fiscal year with comparison for 2017. If more detailed information is desired on the City's capital asset activity, please refer to Note 5 (pages 41-42) as presented in the notes to the financial statements.

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	2018	2017	2018	2017	2018	2017
<b>Capital Assets - Not Depreciated</b>						
Land	\$ 1,168,381	\$ 1,161,881	\$ 8,770	\$ 8,770	\$ 1,177,151	\$ 1,170,651
Water Rights	647,021	647,021	1,159,695	1,009,551	1,806,716	1,656,572
Construction in Progress	-	266,869	47,553	-	47,553	266,869
Total Capital Assets - not Depreciated	<u>1,815,402</u>	<u>2,075,771</u>	<u>1,216,018</u>	<u>1,018,321</u>	<u>3,031,420</u>	<u>3,094,092</u>
<b>Capital Assets - Depreciated</b>						
Buildings and Improvements	13,873,957	13,607,088	-	-	13,873,957	13,607,088
Streets and Improvements	14,209,705	14,209,705	-	-	14,209,705	14,209,705
Machinery and Equipment	8,538,701	7,533,601	1,866,121	1,717,877	10,404,822	9,251,478
Water and Wastewater System	-	-	9,800,082	9,800,082	9,800,082	9,800,082
Total Capital Assets - Depreciated	<u>36,622,363</u>	<u>35,350,394</u>	<u>11,666,203</u>	<u>11,517,959</u>	<u>48,288,566</u>	<u>46,868,353</u>
Less: Accumulated Depreciation	<u>(19,291,568)</u>	<u>(17,743,568)</u>	<u>(7,823,346)</u>	<u>(7,481,923)</u>	<u>(27,114,914)</u>	<u>(25,225,491)</u>
<b>CAPITAL ASSETS - NET</b>	<u>\$ 19,146,197</u>	<u>\$ 19,682,597</u>	<u>\$ 5,058,875</u>	<u>\$ 5,054,357</u>	<u>\$ 24,205,072</u>	<u>\$ 24,736,954</u>

**Long-Term Debt** – At the end of the current fiscal year, the City had total bonded debt outstanding of \$16,620,000. This amount is backed by the full faith and credit of the City. The City's total debt decreased approximately \$1,725,000, or 9%, during the fiscal year.

	2018	2017
General Obligation Refunding Bonds, Series 2010	\$ 1,700,000	\$ 1,700,000
Tax Notes, Series 2012	-	80,000
General Obligation and Refunding Bonds, Series 2014	15,240,000	16,565,000

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 43-45) 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 2019 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 had a very slight decrease in 2018 compared to 2017. Sales tax revenues continue to make up the biggest source of primary revenue. The City has seen some substantial increases in its sales tax revenue since 2015. These increases are reflective of a strong economy comeback and some substantial commercial growth. 2018 was no exception and saw a solid 2.60% increase over 2017 which continues to show the effect of a growing economy. Sales tax will always be continually monitored because of its volatile nature. A moderate increase over last year's budget was approved and management will keep close watch to see what effects the economy would have throughout the year.

The general fund's largest controllable revenue source is property taxes. The property tax rate during fiscal year 2018 was \$0.443475 per \$100 valuation, a decrease of \$0.003362 from 2017. Of this tax rate, \$0.324175 is utilized for general fund activities. The remaining amount of \$0.119300 is used for debt service. The rate for fiscal year 2018 was the effective tax rate. The City's portion of the sales tax rate is one and one-half cents, with an additional half cent for economic development. The general fund receives one and one-half cent with a half cent as an instrument of property tax reduction.

The City of Live Oak and surrounding Metrocom area had another prosperous year. Overall, the Metrocom area sustained fiscal stability throughout the struggles of the economy from 2008 through 2014. Since 2015, the economy seemed to get back on a positive track nationwide. This area again continues to perform as good as or better than any other area in the state or even the nation. The City enjoyed several grand openings of retail and food establishments since 2015. There are many more slated to open in 2019 and onward. Northeast Lakeview College enrollment has grown substantially since opening their doors. Northeast Lakeview College has a plan to become a major, higher education player for the region in the future with over 15,000 students. The Judson Early College Academy (JECA) offers students with an opportunity to not only earn their high school degree, but they will have also have earned an equivalent to an associate's degree as well. Students will have the ability to transfer these college credits to almost any college of choice. The Eagle Ford Shale development, one of the nation's biggest oil and natural gas fields, has provided a tremendous economic impact to neighboring counties that has spilled over into this area. The oil industry has dramatically declined over the last couple of years but is in the process of making a welcomed comeback and is still considered to have a solid presence in the area.

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

#### REQUESTS FOR INFORMATION

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

## **BASIC FINANCIAL STATEMENTS**

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

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

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

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**CITY OF LIVE OAK, TEXAS**  
**STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2018**

	PRIMARY GOVERNMENT			COMPONENT UNIT
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	LIVE OAK ECONOMIC DEVELOPMENT CORPORATION
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 6,949,895	\$ 2,646,158	\$ 9,596,053	\$ 1,976,266
Investments	8,726,436	-	8,726,436	984,316
Receivables - Net of Allowances for Uncollectibles:				
Taxes	1,036,911	-	1,036,911	328,352
Customer Accounts	-	453,226	453,226	-
Other	680,703	-	680,703	-
Due from Other Governments	664	49,476	50,140	-
Prepaid Items	17,800	-	17,800	500
Accrued Interest	30,806	-	30,806	4,517
Deferred Charges	-	-	-	-
Capital Assets				
Land	1,168,381	8,770	1,177,151	44,513
Water Rights	647,021	1,159,695	1,806,716	-
Buildings and Improvements	13,873,957	-	13,873,957	-
Streets and Improvements	14,209,705	-	14,209,705	-
Machinery and Equipment	8,538,701	1,866,121	10,404,822	26,330
Water and Wastewater System	-	9,800,082	9,800,082	-
Construction in Progress	-	47,553	47,553	-
Less: Accumulated Depreciation	<u>(19,291,568)</u>	<u>(7,823,346)</u>	<u>(27,114,914)</u>	<u>(21,064)</u>
Total Assets	<u>36,589,412</u>	<u>8,207,735</u>	<u>44,797,147</u>	<u>3,343,730</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>				
Deferred Outflows Related to Pension	1,343,984	154,953	1,498,937	-
Deferred Outflows Related to OPEB	26,406	3,253	29,659	-
Deferred Charge on Bond Refunding	<u>153,456</u>	<u>-</u>	<u>153,456</u>	<u>-</u>
Total Deferred Outflow of Resources	<u>1,523,846</u>	<u>158,206</u>	<u>1,682,052</u>	<u>-</u>
<b>LIABILITIES</b>				
Accounts Payable	722,320	512,595	1,234,915	6,661
Accrued Liabilities	83,298	11,292	94,590	3,600
Due to Other Governments	5	-	5	-
Unearned Revenue	4,060	555,915	559,975	-
Customer Deposits	-	115,498	115,498	-
Accrued Interest Payable	104,082	-	104,082	-
Noncurrent Liabilities				
Due Within One Year	1,790,674	13,628	1,804,302	-
Due in More than One Year	16,538,181	40,883	16,579,064	-
Net Pension Liability	4,937,449	597,087	5,534,536	-
Other Post-Employment Benefit Liabilities	<u>270,031</u>	<u>33,272</u>	<u>303,303</u>	<u>-</u>
Total Liabilities	<u>24,450,100</u>	<u>1,880,170</u>	<u>26,330,270</u>	<u>10,261</u>
<b>DEFERRED INFLOW OF RESOURCES</b>				
Deferred Inflows Related to Pension	<u>1,029,909</u>	<u>128,621</u>	<u>1,158,530</u>	<u>-</u>
<b>NET POSITION</b>				
Net Investment in Capital Assets	1,410,757	5,058,875	6,469,632	49,779
Restricted				
Weed Abatement	3,660	-	3,660	-
Hotel Occupancy	1,167,905	-	1,167,905	-
Court Security and Technology	178,250	-	178,250	-
Alamo Regional SWAT	16,600	-	16,600	-
Forfeiture	75,168	-	75,168	-
Child Safety	83,826	-	83,826	-
Emergency Radio System	48,460	-	48,460	-
Public Education	259,859	-	259,859	-
Debt Service	380,881	-	380,881	-
Construction	210,721	-	210,721	-
Unrestricted	<u>8,797,162</u>	<u>1,298,275</u>	<u>10,095,437</u>	<u>3,283,690</u>
Total Net Position	<u>\$ 12,633,249</u>	<u>\$ 6,357,150</u>	<u>\$ 18,990,399</u>	<u>\$ 3,333,469</u>

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

**CITY OF LIVE OAK, TEXAS**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED SEPTEMBER 30, 2018**

FUNCTIONS AND PROGRAMS	PRIMARY GOVERNMENT							COMPONENT UNIT
	EXPENSES	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION			LIVE OAK ECONOMIC DEVELOPMENT CORPORATION
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	
<b>Governmental Activities</b>								
General Government	\$ 3,957,565	\$ 46,408	\$ 973,986	\$ -	\$ (2,937,171)	\$ -	\$ (2,937,171)	\$ -
Public Safety	7,208,670	897,738	466	-	(6,310,466)	-	(6,310,466)	-
Public Works	2,785,890	291,422	-	-	(2,494,468)	-	(2,494,468)	-
Community Services	244,312	65,127	-	-	(179,185)	-	(179,185)	-
Interest on Long-Term Debt	579,660	-	-	-	(579,660)	-	(579,660)	-
Total Governmental Activities	14,776,097	1,300,695	974,452	-	(12,500,950)	-	(12,500,950)	-
<b>Business-Type Activities</b>								
Water and Wastewater Utilities	3,679,114	4,027,254	-	150,145	-	498,285	498,285	-
Utility Development								
Replacement and Renewal	228,145	-	-	47,553	-	(180,592)	(180,592)	-
Storm Water Fund	509,026	592,047	-	-	-	83,021	83,021	-
Total Business-Type Activities	4,416,285	4,619,301	-	197,698	-	400,714	400,714	-
Total Primary Government	\$ 19,192,382	\$ 5,919,996	\$ 974,452	\$ -	(12,500,950)	400,714	(12,100,236)	-
<b>Component Unit</b>								
Live Oak Economic Development Corporation	\$ 1,460,091	\$ -	\$ -	\$ -				1,460,091
<b>General Revenues</b>								
Taxes:								
Property Taxes					5,405,636	-	5,405,636	-
Sales Taxes					6,016,246	-	6,016,246	2,167,406
Franchise Taxes					1,140,210	-	1,140,210	-
Beverage Taxes					94,623	-	94,623	-
Occupancy Tax					592,016	-	592,016	-
Investment Earnings					215,721	36,099	251,820	23,304
Sale of Capital Assets					21,715	-	21,715	-
Miscellaneous					72,164	56,641	128,805	-
Transfers					402,016	(402,016)	-	-
Total General Revenues and Transfers					13,960,347	(309,276)	13,651,071	2,190,710
Change in Net Position					1,459,397	91,438	1,550,835	730,619
Net Position at Beginning of Year					11,401,877	6,293,809	17,695,686	2,602,850
Restatement of Net Position at Beginning of Year					(228,025)	(28,097)	(256,122)	-
Net Position at Beginning of Year, as Restated					11,173,852	6,265,712	17,439,564	2,602,850
NET POSITION AT END OF YEAR					\$ 12,633,249	\$ 6,357,150	\$ 18,990,399	\$ 3,333,469



CITY OF LIVE OAK, TEXAS  
BALANCE SHEET - GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2018

	<u>GENERAL</u>	<u>DEBT SERVICE FUND</u>	<u>OTHER NONMAJOR GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 3,706,843	\$ 380,707	\$ 2,862,345	\$ 6,949,895
Investments	8,726,436	-	-	8,726,436
Receivables - Net of Allowances for Uncollectibles				
Property Taxes	38,056	13,799	-	51,855
Sales Taxes	985,056	-	-	985,056
Other	508,246	-	172,457	680,703
Due from Other Governments	490	174	-	664
Accrued Interest	30,806	-	-	30,806
Prepaid Items	17,800	-	-	17,800
	<u>17,800</u>	<u>-</u>	<u>-</u>	<u>17,800</u>
 TOTAL ASSETS	 <u>\$ 14,013,733</u>	 <u>\$ 394,680</u>	 <u>\$ 3,034,802</u>	 <u>\$ 17,443,215</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 516,586	\$ -	\$ 205,734	\$ 722,320
Accrued Liabilities	83,253	-	45	83,298
Due to Other Governments	5	-	-	5
Unearned Revenue	4,060	-	-	4,060
	<u>4,060</u>	<u>-</u>	<u>-</u>	<u>4,060</u>
Total Liabilities	<u>603,904</u>	<u>-</u>	<u>205,779</u>	<u>809,683</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred Revenue - Taxes	790,512	13,799	-	804,311
	<u>790,512</u>	<u>13,799</u>	<u>-</u>	<u>804,311</u>
<u>FUND BALANCES</u>				
Nonspendable				
Prepaid Items	17,800	-	-	17,800
Restricted				
Special Revenue Funds	-	-	1,830,068	1,830,068
Weed Abatement	3,660	-	-	3,660
Debt Service	-	380,881	-	380,881
Capital Projects Funds	-	-	210,721	210,721
Committed				
Asset Replacement	2,553,151	-	-	2,553,151
Capital Projects Funds	-	-	788,234	788,234
Unassigned	10,044,706	-	-	10,044,706
	<u>10,044,706</u>	<u>-</u>	<u>-</u>	<u>10,044,706</u>
Total Fund Balances	<u>12,619,317</u>	<u>380,881</u>	<u>2,829,023</u>	<u>15,829,221</u>
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	 <u>\$ 14,013,733</u>	 <u>\$ 394,680</u>	 <u>\$ 3,034,802</u>	 <u>\$ 17,443,215</u>

CITY OF LIVE OAK, TEXAS  
RECONCILIATION OF BALANCE SHEET  
GOVERNMENTAL FUNDS TO STATEMENT OF NET POSITION  
SEPTEMBER 30, 2018

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS \$ 15,829,221

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. 19,146,197

Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred inflows of resources in the funds. 804,311

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

Bonds Payable	\$	(16,620,000)	
Unamortized Premium on Bonds Sold		(1,326,161)	
Compensated Absences		(382,694)	
Accrued Interest on Bonds		(104,082)	
Unamortized Loss on Bond Refundings		<u>153,456</u>	(18,279,481)

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

Net Pension Liability		(4,937,449)	
Deferred Outflows of Resources - Pension		1,343,984	
Deferred Inflows of Resources - Pension		<u>(1,029,909)</u>	(4,623,374)

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

OPEB Liability		(270,031)	
Deferred Outflows of Resources - OPEB		<u>26,406</u>	<u>(243,625)</u>

TOTAL NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 12,633,249

CITY OF LIVE OAK, TEXAS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
GOVERNMENTAL FUNDS  
YEAR ENDED SEPTEMBER 30, 2018

	<u>GENERAL</u>	<u>DEBT SERVICE FUND</u>	<u>OTHER NONMAJOR GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<u>REVENUES</u>				
Property Taxes	\$ 3,996,028	\$ 1,406,319	\$ -	\$ 5,402,347
Sales Taxes	5,988,594	-	-	5,988,594
Franchise Taxes	1,106,151	-	34,059	1,140,210
Beverage Taxes	94,623	-	-	94,623
Occupancy Taxes	-	-	592,016	592,016
Fines and Fees	516,254	-	64,551	580,805
Permits and Fees	341,623	-	-	341,623
Service Fees	92,252	-	41,624	133,876
Intergovernmental	395,231	737,445	32,500	1,165,176
Investment Earnings	151,607	14,860	49,254	215,721
Miscellaneous	95,347	-	308	95,655
Total Revenues	<u>12,777,710</u>	<u>2,158,624</u>	<u>814,312</u>	<u>15,750,646</u>
<u>EXPENDITURES</u>				
Current				
General Government	2,241,501	-	1,542,436	3,783,937
Public Safety	6,330,696	-	121,536	6,452,232
Public Works	2,004,774	-	15,360	2,020,134
Community Services	239,247	-	-	239,247
Debt Service				
Principal	-	1,725,000	-	1,725,000
Interest and Fiscal Charges	-	677,093	-	677,093
Capital Outlay	1,068,832	-	43,974	1,112,806
Total Expenditures	<u>11,885,050</u>	<u>2,402,093</u>	<u>1,723,306</u>	<u>16,010,449</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>892,660</u>	<u>(243,469)</u>	<u>(908,994)</u>	<u>(259,803)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In	257,751	252,325	400,025	910,101
Transfers Out	(481,585)	-	(26,500)	(508,085)
Total Other Financing Sources (Uses)	<u>(223,834)</u>	<u>252,325</u>	<u>373,525</u>	<u>402,016</u>
Net Change in Fund Balance	668,826	8,856	(535,469)	142,213
<u>FUND BALANCES AT BEGINNING OF YEAR</u>				
	<u>11,950,491</u>	<u>372,025</u>	<u>3,364,492</u>	<u>15,687,008</u>
FUND BALANCES AT END OF YEAR	<u>\$ 12,619,317</u>	<u>\$ 380,881</u>	<u>\$ 2,829,023</u>	<u>\$ 15,829,221</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, 2018

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS \$ 142,213

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

Governmental funds report capital outlays as expenditures (\$1,112,806). However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense (\$1,649,206). This is the amount by which depreciation expense exceeded capital outlays in the current period. (536,400)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 82,832

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 1,725,000

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

Amortization of Loss on Bond Refundings	\$ (21,268)	
Amortization of Bond Premiums	110,182	
Compensated Absences	(23,359)	
Accrued Interest	8,519	74,074

The change in the City's net pension liability and deferred inflows and outflows of resources related to the City's TMRS net pension liability are not reported as expenditures in the funds. (12,722)

The change in the City's other post-employment benefit liability (OPEB) and deferred inflows and outflows of resources related to the City's TMRS OPEB liability are not reported as expenditures in the funds. (15,600)

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 1,459,397

**CITY OF LIVE OAK, TEXAS**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**SEPTEMBER 30, 2018**

	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	\$ 661,957	\$ 448,981	\$ 1,535,220	\$ 2,646,158
Accounts Receivable, Net of Allowance Customer Accounts	381,115	71,567	-	452,682
Prepaid Expenses	544	-	-	544
Due from Other Governments	38,590	10,886	-	49,476
Total Current Assets	<u>1,082,206</u>	<u>531,434</u>	<u>1,535,220</u>	<u>3,148,860</u>
<u>NONCURRENT ASSETS</u>				
Capital Assets				
Land	8,770	-	-	8,770
Water Rights	1,159,695	-	-	1,159,695
Machinery and Equipment	1,674,530	191,591	-	1,866,121
Water and Wastewater System	9,800,082	-	-	9,800,082
Construction in Process	47,553	-	-	47,553
Less: Accumulated Depreciation	<u>(7,676,676)</u>	<u>(146,670)</u>	<u>-</u>	<u>(7,823,346)</u>
Total Noncurrent Assets	<u>5,013,954</u>	<u>44,921</u>	<u>-</u>	<u>5,058,875</u>
Total Assets	<u>6,096,160</u>	<u>576,355</u>	<u>1,535,220</u>	<u>8,207,735</u>
<u>DEFERRED OUTFLOW OF RESOURCES</u>				
Deferred Outflow - Pension	107,614	47,339	-	154,953
Deferred Outflow - OPEB	2,266	987	-	3,253
Total Deferred Outflow of Resources	<u>109,880</u>	<u>48,326</u>	<u>-</u>	<u>158,206</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 6,206,040</u>	<u>\$ 624,681</u>	<u>\$ 1,535,220</u>	<u>\$ 8,365,941</u>
<u>LIABILITIES AND NET POSITION</u>				
<u>CURRENT LIABILITIES</u>				
Accounts Payable	\$ 357,325	\$ 12,997	\$ 142,273	\$ 512,595
Accrued Liabilities	7,907	3,385	-	11,292
Customer Deposits	115,498	-	-	115,498
Unearned Revenues	-	-	555,915	555,915
Compensated Absences	10,057	3,571	-	13,628
Total Current Liabilities	<u>490,787</u>	<u>19,953</u>	<u>698,188</u>	<u>1,208,928</u>
<u>NONCURRENT LIABILITIES</u>				
Net Pension Benefit Liability	423,495	173,592	-	597,087
Other Post-Employment Benefit Liabilities	23,172	10,100	-	33,272
Compensated Absences	30,171	10,712	-	40,883
Total Noncurrent Liabilities	<u>476,838</u>	<u>194,404</u>	<u>-</u>	<u>671,242</u>
Total Liabilities	<u>967,625</u>	<u>214,357</u>	<u>698,188</u>	<u>1,880,170</u>
<u>DEFERRED INFLOW OF RESOURCES</u>				
Deferred Inflow - Pension	88,069	40,552	-	128,621
<u>NET POSITION</u>				
Net Investment in Capital Assets	5,013,954	44,921	-	5,058,875
Unrestricted	136,392	324,851	837,032	1,298,275
Total Net Position	<u>5,150,346</u>	<u>369,772</u>	<u>837,032</u>	<u>6,357,150</u>
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES AND NET POSITION	<u>\$ 6,206,040</u>	<u>\$ 624,681</u>	<u>\$ 1,535,220</u>	<u>\$ 8,365,941</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, 2018

	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	\$ 3,024,951	\$ -	\$ -	\$ 3,024,951
Garbage Collection	691,629	-	-	691,629
Application and Connection Fees	263,303	-	-	263,303
Penalties and Fines	47,371	-	-	47,371
Miscellaneous Income	806	-	55,835	56,641
Stormwater Utility Fee	-	592,047	-	592,047
Total Operating Revenues	<u>4,028,060</u>	<u>592,047</u>	<u>55,835</u>	<u>4,675,942</u>
<u>OPERATING EXPENSES</u>				
Personnel	769,397	338,319	-	1,107,716
Supplies	124,885	20,264	4,034	149,183
Conferences and Training	2,321	-	-	2,321
Repairs and Maintenance	22,934	60,283	224,111	307,328
Utilities and Telephone	147,663	2,428	-	150,091
Insurance	14,805	-	-	14,805
Service Administration	243,360	56,858	-	300,218
Service Operating	2,021,764	-	-	2,021,764
Bad Debt Expense	19,200	-	-	19,200
Miscellaneous	665	1,572	-	2,237
Depreciation	312,120	29,302	-	341,422
Total Operating Expenses	<u>3,679,114</u>	<u>509,026</u>	<u>228,145</u>	<u>4,416,285</u>
Operating Income (Loss)	<u>348,946</u>	<u>83,021</u>	<u>(172,310)</u>	<u>259,657</u>
<u>NONOPERATING REVENUES (EXPENSES)</u>				
Investment Earnings	<u>7,677</u>	<u>7,107</u>	<u>21,315</u>	<u>36,099</u>
Total Nonoperating Revenues (Expenses)	<u>7,677</u>	<u>7,107</u>	<u>21,315</u>	<u>36,099</u>
Net Income (Loss) before Transfers	356,623	90,128	(150,995)	295,756
Capital Contribution	150,145	-	47,553	197,698
Transfer In	205,296	-	300,000	505,296
Transfer Out	<u>(593,265)</u>	<u>(118,251)</u>	<u>(195,796)</u>	<u>(907,312)</u>
Change in Net Position	118,799	(28,123)	762	91,438
<u>NET POSITION AT BEGINNING OF YEAR</u>	<u>5,051,115</u>	<u>406,424</u>	<u>836,270</u>	<u>6,293,809</u>
RESTATEMENT OF BEGINNING NET POSITION	(19,568)	(8,529)	-	(28,097)
<u>NET POSITION AT BEGINNING OF YEAR - AS RESTATED</u>	<u>5,031,547</u>	<u>397,895</u>	<u>836,270</u>	<u>6,265,712</u>
NET POSITION AT END OF YEAR	<u>\$ 5,150,346</u>	<u>\$ 369,772</u>	<u>\$ 837,032</u>	<u>\$ 6,357,150</u>

CITY OF LIVE OAK, TEXAS  
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS  
YEAR ENDED SEPTEMBER 30, 2018

	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	\$ 3,892,919	567,861	\$ 611,750	\$ 5,072,530
Cash Paid to Employees for Services	(769,209)	(336,811)	-	(1,106,020)
Cash Paid to Supplier for Goods and Services	(2,567,812)	(146,345)	(189,288)	(2,903,445)
Net Cash Provided by (Used in) Operating Activities	<u>555,898</u>	<u>84,705</u>	<u>422,462</u>	<u>1,063,065</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>				
Purchase/Construction of Capital Assets	(148,242)	-	-	(148,242)
Net Cash Provided by (Used in) Noncapital Financing Activities	<u>(148,242)</u>	<u>-</u>	<u>-</u>	<u>(148,242)</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>				
Transfers from Other Funds	157,743	-	300,000	457,743
Transfers to Other Funds	(593,265)	(118,251)	(148,243)	(859,759)
Net Cash Provided by (Used in) Noncapital Financing Activities	<u>(435,522)</u>	<u>(118,251)</u>	<u>151,757</u>	<u>(402,016)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>				
Interest and Investment Earnings	7,677	7,107	21,315	36,099
Net Increase (Decrease) in Cash and Cash Equivalents	(20,189)	(26,439)	595,534	548,906
<u>CASH AND CASH EQUIVALENTS - BEGINNING</u>	<u>682,146</u>	<u>475,420</u>	<u>939,686</u>	<u>2,097,252</u>
CASH AND CASH EQUIVALENTS - ENDING	<u>\$ 661,957</u>	<u>\$ 448,981</u>	<u>\$ 1,535,220</u>	<u>\$ 2,646,158</u>

(CONTINUED)

CITY OF LIVE OAK, TEXAS  
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS (CONTINUED)  
YEAR ENDED SEPTEMBER 30, 2018

	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)	\$ 348,946	\$ 83,021	\$ (172,310)	\$ 259,657
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities				
Depreciation	312,120	29,302	-	341,422
Changes in Assets and Liabilities				
Decrease (Increase) in Assets				
Customer Receivable	(109,084)	(23,083)	-	(132,167)
Due from Other Governments	(8,347)	(1,103)	-	(9,450)
Prepaid Expense	(276)	-	-	(276)
Increase (Decrease) in Liabilities				
Accounts Payable and Accrued Liabilities	10,861	(4,940)	38,857	44,778
Customer Deposits	1,490	-	-	1,490
Unearned Revenues	-	-	555,915	
Net Pension Liability	681	(96)	-	585
Other Post-Employment Benefit Liability	1,338	584	-	1,922
Compensated Absences	(1,831)	1,020	-	(811)
	<u>\$ 555,898</u>	<u>\$ 84,705</u>	<u>\$ 422,462</u>	<u>\$ 507,150</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES				

SCHEDULE OF NONCASH CAPITAL ACTIVITIES

Actuarially Determined Change in Net Pension Liability	\$ (139,277)	\$ (60,313)	\$ -	\$ (199,590)
Other Post-Employment Benefit Liability	2,266	987	-	3,253
Capital Contributions	197,698	-	47,553	245,251



## **NOTES TO BASIC FINANCIAL STATEMENTS**

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CITY OF LIVE OAK, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

*Discretely Presented Component Unit*

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

B. Government-Wide and Fund Financial Statements

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

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

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

CITY OF LIVE OAK, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2018

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

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

The City reports the following major proprietary funds:

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

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

CITY OF LIVE OAK, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

D. Cash and Cash Equivalents

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

E. Investments

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

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

CITY OF LIVE OAK, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Investments (Continued)

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

Level 2 - Inputs to the valuation methodology include:

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

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

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

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

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

F. Receivables and Payables

All trade and property tax receivables are shown net of an allowance for uncollectibles. Trade accounts receivable in excess of 180 days comprise the trade accounts receivable allowance for uncollectibles. The property tax receivable allowance is equal to outstanding accounts from 2009 and older as of September 30, 2018.

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

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

CITY OF LIVE OAK, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Prepaid Items

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

H. Capital Assets

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

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

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

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

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

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

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.

CITY OF LIVE OAK, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Long-Term Obligations

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

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

K. Fund Balance

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

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

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



CITY OF LIVE OAK, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. Pensions

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

O. Other Postemployment Benefits

During the fiscal year 2018, the City changed accounting policies related to the total other postemployment benefit (OPEB) liability, deferred outflows of resources, and deferred inflows of resources in the statement of net position by adopting GASB Statement No. 75, "*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*". Accordingly, the effect of the accounting change is reported in the statement of net position and statement of activities for the current year. The OPEB position has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes, for purposes of measuring the OPEB liability, deferred outflows of resources and deferred inflows of resources related to the OPEB, and OPEB expense.

CITY OF LIVE OAK, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2018

NOTE 2: DEPOSITS AND INVESTMENTS

As of September 30, 2018, the City had the following investments:

<u>INVESTMENT TYPE</u>	<u>FAIR VALUE</u>	<u>WEIGHTED AVERAGE MATURITY (YEARS)</u>
<b>The City of Live Oak</b>		
U.S. Agency Securities	\$ 4,719,016	1.06
Certificates of Deposit	3,185,000	1.49
Municipal Bonds	822,420	2.30
TexPool (Local Government Investment Pool)	<u>9,260,878</u>	0.10
	<u>\$ 17,987,314</u>	
Portfolio Weighted Average Maturity		0.70
<u>INVESTMENT TYPE</u>	<u>FAIR VALUE</u>	<u>WEIGHTED AVERAGE MATURITY (YEARS)</u>
<b>Discretely Presented Component Unit</b>		
<b>Live Oak Economic Development Corporation</b>		
U.S. Agency Securities	\$ 592,908	0.53
Municipal Bonds	391,408	0.78
TexPool (Local Government Investment Pool)	<u>1,953,275</u>	0.10
	<u>\$ 2,937,591</u>	
Portfolio Weighted Average Maturity		0.28

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

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

*Custodial Credit Risk – Deposits.* In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. As of September 30, 2018, the City's cash on hand was \$3,169. The carrying amount of deposits was \$354,161 and the bank balance was \$510,821. 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 \$559,835 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.

CITY OF LIVE OAK, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2018

NOTE 2: DEPOSITS AND INVESTMENTS (CONTINUED)

*Concentration of Credit Risk.* The City's investments consisted of 11% invested in the Federal Farm Credit Bank, 8% invested in the Federal Home Loan Mortgage Corporation, and 5% invested in the Federal Home Mortgage Association. The remaining 56% of the City's investments are invested in external investment pools, brokered bank certificate of deposits, municipal bonds, and Federal Home Loan Bank notes.

*Investment Valuation.* The City categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of assets. The City's investments for all funds at fiscal year-end are listed below at fair value, net of accruals. The City has the following recurring fair value measurements as of September 30, 2018:

	September 30, 2018		Level 1	Level 2	Level 3
	The City of Live Oak	Discretely Presented Component Unit Live Oak EDC			
Investment by fair value level:					
Municipal Bonds	\$ 822,420	\$ 391,408	\$ -	\$ 1,213,828	\$ -
Debt Securities					
Federal Farm Credit Bank	2,001,964	-	-	2,001,964	-
Federal Home Loan Bank	440,698	-	-	440,698	-
Federal Home Loan Mortgage Corporation	1,386,197	-	-	1,386,197	-
Federal National Mortgage Association	890,157	592,908	-	1,483,065	-
Total Debt Securities	<u>4,719,016</u>	<u>592,908</u>	<u>-</u>	<u>5,311,924</u>	<u>-</u>
Total investments at fair value:	<u>5,541,436</u>	<u>984,316</u>	<u>\$ -</u>	<u>\$ 6,525,752</u>	<u>\$ -</u>
Investments measured at amortized cost:					
CDs	3,185,000	-			
External investment pools - TexPool	<u>9,260,878</u>	<u>1,953,275</u>			
Total investments at amortized cost	<u>12,445,878</u>	<u>1,953,275</u>			
Total Investments	<u>\$ 17,987,314</u>	<u>\$ 2,937,591</u>			

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

CITY OF LIVE OAK, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2018

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	DISCRETELY PRESENTED COMPONENT UNIT
	GENERAL	DEBT SERVICE FUND	OTHER NONMAJOR FUNDS	WATER AND WASTEWATER UTILITIES	STORM WATER FUND		LIVE OAK ECONOMIC DEV CORPORATION
Receivables							
Property Taxes	\$ 56,094	\$ 19,146	\$ -	\$ -	\$ -	\$ 75,240	\$ -
Sales Taxes	985,056	-	-	-	-	985,056	328,352
Franchise Taxes	262,715	-	-	-	-	262,715	-
Customer Accounts	61,904	-	-	531,827	71,567	665,298	-
Court Fines	734,506	-	-	-	-	734,506	-
Other	-	-	172,457	876	-	173,333	-
Gross Receivables	2,100,275	19,146	172,457	532,703	71,567	2,896,148	328,352
Less: Allowance for Uncollectibles	(568,917)	(5,347)	-	(151,588)	-	(725,852)	-
NET TOTAL RECEIVABLES	<u>\$ 1,531,358</u>	<u>\$ 13,799</u>	<u>\$ 172,457</u>	<u>\$ 381,115</u>	<u>\$ 71,567</u>	<u>\$ 2,170,296</u>	<u>\$ 328,352</u>

NOTE 4: PROPERTY TAX

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

For fiscal year 2018, the assessed tax rate for the City was \$0.443475 per \$100 on an assessed valuation of \$1,273,444,951. This is broken out as \$0.324175 per \$100 for maintenance and operations and \$0.119300 per \$100 for debt retirement. Total tax levy for fiscal year 2018 is \$5,510,833. As of September 30, 2018, the delinquent current taxes for 2018 were \$75,240.

**CITY OF LIVE OAK, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**SEPTEMBER 30, 2018**

**NOTE 5: CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2018, was as follows:

	BEGINNING BALANCE	INCREASES	DELETIONS	ENDING BALANCE
<b><u>Governmental Activities</u></b>				
Capital Assets not being Depreciated				
Land	\$ 1,161,881	\$ 6,500	\$ -	\$ 1,168,381
Water Rights	647,021	-	-	647,021
Construction in Progress	266,869	-	(266,869)	-
Total Capital Assets not being Depreciated	<u>2,075,771</u>	<u>6,500</u>	<u>(266,869)</u>	<u>1,815,402</u>
Capital Assets being Depreciated				
Buildings and Improvements	13,607,088	266,869	-	13,873,957
Streets and Improvements	14,209,705	-	-	14,209,705
Machinery and Equipment	7,533,601	1,106,306	(101,206)	8,538,701
Total Capital Assets being Depreciated	<u>35,350,394</u>	<u>1,373,175</u>	<u>(101,206)</u>	<u>36,622,363</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(6,682,251)	(494,799)	-	(7,177,050)
Streets and Improvements	(5,573,752)	(656,056)	-	(6,229,808)
Machinery and Equipment	(5,487,565)	(498,351)	101,206	(5,884,710)
Total Accumulated Depreciation	<u>(17,743,568)</u>	<u>(1,649,206)</u>	<u>101,206</u>	<u>(19,291,568)</u>
 Total Capital Assets being Depreciated - Net	 <u>17,606,826</u>	 <u>(276,031)</u>	 <u>-</u>	 <u>17,330,795</u>
 GOVERNMENTAL ACTIVITIES CAPITAL ASSETS - NET	 <u>\$ 19,682,597</u>	 <u>\$ (269,531)</u>	 <u>\$ (266,869)</u>	 <u>\$ 19,146,197</u>
<b><u>Business-Type Activities</u></b>				
Capital Assets not being Depreciated				
Land	\$ 8,770	\$ -	\$ -	\$ 8,770
Water Rights	1,009,551	150,144	-	1,159,695
Construction in Progress	-	47,553	-	47,553
Total Capital Assets not being Depreciated	<u>1,018,321</u>	<u>197,697</u>	<u>-</u>	<u>1,216,018</u>
Capital Assets being Depreciated				
Machinery and Equipment	1,717,877	148,244	-	1,866,121
Water and Wastewater System	9,800,082	-	-	9,800,082
Total Capital Assets being Depreciated	<u>11,517,959</u>	<u>148,244</u>	<u>-</u>	<u>11,666,203</u>
Less Accumulated Depreciation:				
Machinery and Equipment	(1,412,438)	(111,203)	-	(1,523,641)
Water and Wastewater System	(6,069,485)	(230,220)	-	(6,299,705)
Total Accumulated Depreciation	<u>(7,481,923)</u>	<u>(341,423)</u>	<u>-</u>	<u>(7,823,346)</u>
 Total Capital Assets being Depreciated - Net	 <u>4,036,036</u>	 <u>(193,179)</u>	 <u>-</u>	 <u>3,842,857</u>
 BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS - NET	 <u>\$ 5,054,357</u>	 <u>\$ 4,518</u>	 <u>\$ -</u>	 <u>\$ 5,058,875</u>

CITY OF LIVE OAK, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2018

NOTE 5: CAPITAL ASSETS (CONTINUED)

	<u>BEGINNING BALANCE</u>	<u>INCREASES</u>	<u>DELETIONS</u>	<u>ENDING BALANCE</u>
<u>Discretely Presented Component Unit</u>				
<u>Live Oak Economic Development Corporation</u>				
Capital Assets not being Depreciated				
Land	\$ 44,513	\$ -	\$ -	\$ 44,513
Capital Assets being Depreciated				
Machinery and Equipment	26,330	-	-	26,330
Less Accumulated Depreciation:				
Machinery and Equipment	<u>(15,798)</u>	<u>(5,266)</u>	<u>-</u>	<u>(21,064)</u>
 Total Capital Assets being Depreciated - Net	 <u>10,532</u>	 <u>(5,266)</u>	 <u>-</u>	 <u>5,266</u>
 LIVE OAK ECONOMIC DEVELOPMENT CORPORATION				
CAPITAL ASSETS - NET	<u>\$ 55,045</u>	<u>\$ (5,266)</u>	<u>\$ -</u>	<u>\$ 49,779</u>

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

Governmental Activities

General Government	\$ 162,757
Public Safety	721,375
Public Works	760,197
Community Leisure	<u>4,877</u>
 TOTAL DEPRECIATION EXPENSE - GOVERNMENTAL ACTIVITIES	 <u>\$ 1,649,206</u>

Business-Type Activities

Water and Wastewater Utilities	<u>\$ 341,423</u>
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Discretely Presented Component Unit

Live Oak Economic Development Corporation

General Government	<u>\$ 5,266</u>
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CITY OF LIVE OAK, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2018

NOTE 6: INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of September 30, 2018 is as follows:

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

<u>TRANSFERS IN</u>	<u>TRANSFERS OUT</u>	<u>AMOUNT</u>	<u>PURPOSE</u>
General	Water and Wastewater Utilities	\$ 122,500	Subsidy for Administrative Expenditures
General	Storm Water Fund	108,751	Subsidy for Administrative Expenditures
General	Nonmajor Governmental	26,500	Support Fees
Water and Wastewater Utilities	Storm Water Fund	9,500	Support Fees
Debt Service	Water and Wastewater Utilities	170,765	Funding for Debt Service
Debt Service	General	81,560	Funding for Debt Service
Nonmajor Governmental	General	400,025	Funding for Capital Projects
Water and Wastewater Utilities	Nonmajor Utility	195,796	Capital Asset Purchasing
Nonmajor Utility	Water and Wastewater Utilities	<u>300,000</u>	Capital Asset Purchasing
TOTAL		<u>\$1,415,397</u>	

NOTE 7: LONG-TERM DEBT

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

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

A summary of the terms of general obligation bonds, combination tax and revenue certificates of obligation, and tax notes outstanding at September 30, 2018, follows:

<u>SERIES AND ORIGINAL ISSUE AMOUNT</u>	<u>FINAL MATURITY</u>	<u>INTEREST RATE</u>	<u>GOVERNMENTAL ACTIVITIES</u>
General Obligation Refunding Bonds, Series 2010	2022	3.064%	\$ 1,380,000
Tax Notes, Series 2012	2018	0.85 - 1.95%	-
General Obligation and Refunding Bonds, Series 2014	2034	2.0% - 4.0%	<u>15,240,000</u>
TOTAL BONDS, CERTIFICATES OF OBLIGATIONS, AND TAX NOTES			<u>\$ 16,620,000</u>

CITY OF LIVE OAK, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2018

NOTE 7: LONG-TERM DEBT (CONTINUED)

B. Debt Service Requirements

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

FISCAL YEAR ENDING SEPTEMBER 30,	GOVERNMENTAL ACTIVITIES		
	PRINCIPAL	INTEREST	TOTAL
2019	\$ 1,695,000	\$ 624,489	\$ 2,319,489
2020	1,735,000	587,129	2,322,129
2021	1,795,000	520,910	2,315,910
2022	1,870,000	452,385	2,322,385
2023	1,565,000	381,000	1,946,000
2024-2028	4,095,000	1,166,800	5,261,800
2029-2033	3,155,000	530,200	3,685,200
2034	<u>710,000</u>	<u>28,400</u>	<u>738,400</u>
TOTALS	<u>\$ 16,620,000</u>	<u>\$ 4,291,313</u>	<u>\$ 20,911,313</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, 2018.

D. Changes in Long-Term Debt

	BALANCE 9/30/2017	ADDITIONS	REDUCTIONS	BALANCE 9/30/2018	DUE WITHIN ONE YEAR
<u>Primary Government</u>					
Governmental Activities					
General Obligation Bonds	\$ 18,265,000	\$ -	\$ (1,645,000)	\$ 16,620,000	\$ 1,695,000
Tax Notes	80,000	-	(80,000)	-	-
Compensated Absences	359,335	113,193	(89,834)	382,694	95,674
Deferred Amounts for: Issuance Premium	<u>1,436,343</u>	-	<u>(110,182)</u>	<u>1,326,161</u>	-
TOTAL GOVERNMENTAL ACTIVITIES	<u>\$ 20,140,678</u>	<u>\$ 113,193</u>	<u>\$ (1,925,016)</u>	<u>\$ 18,328,855</u>	<u>\$ 1,790,674</u>
Business-Type Activities					
Compensated Absences Payable	<u>\$ 55,322</u>	<u>\$ 8,465</u>	<u>\$ (9,276)</u>	<u>\$ 54,511</u>	<u>\$ 13,628</u>
TOTAL BUSINESS-TYPE ACTIVITIES	<u>\$ 55,322</u>	<u>\$ 8,465</u>	<u>\$ (9,276)</u>	<u>\$ 54,511</u>	<u>\$ 13,628</u>

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



CITY OF LIVE OAK, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2018

NOTE 7: LONG-TERM DEBT (CONTINUED)

D. Changes in Long-Term Debt (Continued)

For fiscal year 2015, the City issued General Obligation and Refunding Bonds, Series 2014 for \$19,515,000 to refund the General Obligation Bonds, Series 2004 and to partially refund the Certificates of Obligation, Series 2005 in the amount of \$9,430,000 by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the City's financial statements. The reacquisition price exceeded the net carrying amount of the old debt by \$149,455. This amount is being deferred and amortized over the life of the refunded debt. As a result of the refunding, the City reduced its total debt service requirements by \$1,613,321 which resulted in an economic gain of \$1,396,440 (net present value). At September 30, 2018, the outstanding balance of the defeased bonds is \$0. The General Obligation and Refunding Bonds, Series 2014 also included \$10,085,000 of new bond money for construction projects.

NOTE 8: EMPLOYEE RETIREMENT SYSTEM

A. Plan Description

The City participates as one of 883 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at [www.tmr.com](http://www.tmr.com).

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

B. Benefits Provided

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

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

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

CITY OF LIVE OAK, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2018

NOTE 8: EMPLOYEE RETIREMENT SYSTEM (CONTINUED)

B. Benefits Provided (Continued)

**Employees Covered by Benefit Terms**

At the December 31, 2017 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	62
Inactive employees entitled to but not yet receiving benefits	61
Active employees	<u>111</u>
Total	234

C. Contributions

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

Employees for the City were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 17.62% and 17.40% for calendar years 2017 and 2018 respectively. The City's contributions to TMRS for the year ended September 30, 2018 and 2017 were \$1,246,712 and \$1,203,480, and exceeded the required contributions by \$90,000 in 2018 and \$90,000 in 2017.

D. Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2017, 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, 2017 actuarial valuation was determined using the following actuarial assumptions:

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

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

CITY OF LIVE OAK, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2018

NOTE 8: EMPLOYEE RETIREMENT SYSTEM (CONTINUED)

D. Net Pension Liability (Continued)

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four year period from December 31, 2010 through December 31, 2014. They were adopted in 2015 and first used in the December 31, 2015 actuarial valuation. The post-retirement mortality assumption for healthy annuitants and Annuity Purchase Rates (APRs) are based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. In conjunction with this changes first used in the December 31, 2013 valuation, the System adopted the Entry Age Normal (EAN) actuarial cost method and a one-time change to the amortization policy. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

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

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

<u>ASSET CLASS</u>	<u>TARGET ALLOCATION</u>	<u>LONG-TERM EXPECTED REAL RATE OF RETURN (ARITHMETIC)</u>
Domestic Equity	17.5%	4.55%
International Equity	17.5%	6.35%
Core Fixed Income	10.0%	1.00%
Non-Core Fixed Income	20.0%	3.90%
Real Return	10.0%	3.80%
Real Estate	10.0%	4.50%
Absolute Return	10.0%	3.75%
Private Equity	<u>5.0%</u>	7.50%
Total	100.0%	

CITY OF LIVE OAK, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2018

NOTE 8: EMPLOYEE RETIREMENT SYSTEM (CONTINUED)

D. Net Pension Liability (Continued)

**Discount Rate**

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

**Changes in the Net Pension Liability**

	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at December 31, 2016	\$ 38,249,588	\$ 30,900,969	\$ 7,348,619
Changes for the year:			
Service Cost	1,125,289	-	1,125,289
Interest	2,587,229	-	2,587,229
Change of Benefit Terms	-	-	-
Difference Between Expected and Actual Experience	399,593	-	399,593
Changes of Assumptions	-	-	-
Contributions - Employer	-	1,212,063	(1,212,063)
Contributions - Employee	-	451,405	(451,405)
Net Investment Income	-	4,286,046	(4,286,046)
Benefit Payments, Including Refunds of Employee Contributions	(965,840)	(965,840)	-
Administrative Expense	-	(22,195)	22,195
Other Changes	-	(1,125)	1,125
Net Changes	<u>3,146,271</u>	<u>4,960,354</u>	<u>(1,814,083)</u>
Balance at December 31, 2017	<u>\$ 41,395,859</u>	<u>\$ 35,861,323</u>	<u>\$ 5,534,536</u>

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

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

<u>1% Decrease in Discount Rate (5.75%)</u>	<u>Discount Rate (6.75%)</u>	<u>1% Increase in Discount Rate (7.75%)</u>
\$ 11,592,265	\$ 5,534,536	\$ 571,471

**Pension Plan Fiduciary Net Position**

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

CITY OF LIVE OAK, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2018

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, 2018, the City recognized pension expense of \$1,260,021.

At September 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Economic Experience	\$ 481,802	\$ 214,328
Changes in Actuarial Assumptions	56,388	-
Difference Between Projected and Actual Investment Earnings		944,202
Contributions Subsequent to the Measurement Date	<u>960,747</u>	<u>-</u>
Total	<u>\$ 1,498,937</u>	<u>\$ 1,158,530</u>

The City reported \$960,747 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, 2019. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Measurement Year December 31,</u>	<u>Amortization Expense</u>
2018	\$ 61,404
2019	22,562
2020	(307,868)
2021	(396,438)
2022	-
Thereafter	<u>-</u>
Total	<u>\$ (620,340)</u>

NOTE 9: OTHER POSTEMPLOYMENT BENEFITS PLAN

A. Plan Description

The City participates in the defined benefit group-term life insurance plan operated by TMRS known as the Supplemental Death Benefits Fund (SDBF). This is a voluntary program in which the City may elect, by ordinance, to provide group-term life insurance for active members, including retirees.

CITY OF LIVE OAK, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2018

NOTE 9: OTHER POSTEMPLOYMENT BENEFITS PLAN (CONTINUED)

B. Benefit Payments

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

C. Contributions

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

The City contribution rate is equal to the cost of providing one-year term life insurance. The contribution rate for the City was 0.17% and 0.15% for calendar years 2018 and 2017, respectively. The City's contributions to TMRS were \$10,795 and \$9,751 for the fiscal year ended September 30, 2018 and 2017, respectively, and were equal to the required contributions.

**Employees Covered by Benefit Terms**

At the December 31, 2017 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	40
Inactive employees entitled to but not yet receiving benefits	16
Active employees	<u>111</u>
Total	167

D. OPEB Liability

The City's Total OPEB liability of \$303,303 was measured as of December 31, 2017, and was determined by an actuary valuation as of that date.

Actuary Assumptions

The total OPEB liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all period included in the measurement, unless otherwise specified:

CITY OF LIVE OAK, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2018

NOTE 9: OTHER POSTEMPLOYMENT BENEFITS PLAN (CONTINUED)

D. OPEB Liability (Continued)

Inflation	2.50%
Salary increases	3.50% to 10.5% including inflation
Discount rate *	3.31%
Retirees' share of benefit-related costs	\$0
Administrative expenses	

All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.

Mortality rates - service retirees  
 RP2000 Combined Mortality Table with Blue Collar Adjustment with males rates multiplied by 109% and females rates multiplied by 103% and projected on a fully generational basis with scale BB.

Mortality rates - disabled retirees  
 RP2000 Combined Mortality Table with Blue Collar Adjustment with males rates multiplied by 109% and females rates multiplied by 103% with a 3 year set-forward for both male and females. The rates are projected on a fully generational basis with scale BB to account for future mortality improvements subject to the 3% floor.

\* The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2017.

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study for the period December 31, 2010 to December 31, 2014.

Changes in the total OPEB liability:

Balance at December 31, 2016	\$ 256,122
Changes for the year:	
Service cost	12,897
Interest on the total OPEB liability	9,901
Changes of benefit terms	-
Difference between expected and actual experience	-
Change of assumptions	25,673
Benefit payments	<u>(1,290)</u>
Net changes	<u>47,181</u>
Balance at December 31, 2017	<u><u>\$ 303,303</u></u>

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

The following presents the total OPEB liability of the City, calculated using the discount rate of 3.31%, as well as what the City's OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.31%) or 1-percentage-point higher (4.31%) than the current rate:

<u>1% Decrease in</u> <u>Discount Rate (2.31%)</u>	<u>Discount Rate (3.31%)</u>	<u>1% Increase in</u> <u>Discount Rate (4.31%)</u>
\$ 369,620	\$ 303,303	\$ 252,060

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

For the year ended September 30, 2018, the City recognized OPEB expense of \$27,142.

CITY OF LIVE OAK, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2018

NOTE 9: OTHER POSTEMPLOYMENT BENEFITS PLAN (CONTINUED)

E. OPEB expenses, deferred outflows of resources and deferred inflows of resources related to OPEB (Continued)

At September 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Economic Experience	\$ -	\$ -
Changes in Actuarial Assumptions	21,329	-
Difference Between Projected and Actual Investment Earnings	-	-
Contributions Subsequent to the Measurement Date	<u>8,330</u>	<u>-</u>
Total	<u>\$ 29,659</u>	<u>\$ -</u>

The City reported \$8,330 as deferred outflows of resources related to the OPEB liability resulting from contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability for the year ending September 30, 2019. Other amounts reported as deferred outflows and inflows of resources related to the OPEB liability will be recognized in OPEB expenses as follows:

<u>Measurement Year December 31,</u>	<u>Amortization Expense</u>
2018	\$ 4,344
2019	4,344
2020	4,344
2021	4,344
2022	3,953
Thereafter	<u>-</u>
Total	<u>\$ 21,329</u>

NOTE 10: 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>GOVERNMENTAL ACTIVITIES</u>			
Bridlewood Streets Repair Project (Bond)	\$ 4,009,204	\$ 4,009,204	\$ -
General Streets Project/Lookout Road	4,137,416	3,926,695	210,721
Lake Park Walking Trail	<u>243,712</u>	<u>243,712</u>	<u>-</u>
TOTAL ESTIMATED FUTURE COMMITMENTS	<u>\$ 8,390,332</u>	<u>\$ 8,179,611</u>	<u>\$ 210,721</u>
<u>BUSINESS-TYPE ACTIVITIES</u>			
Sewer Lift Station Upgrade	<u>\$ 603,468</u>	<u>\$ 47,553</u>	<u>\$ 555,915</u>



CITY OF LIVE OAK, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2018

NOTE 10: COMMITMENTS AND CONTINGENCIES (CONTINUED)

*Long-Term Contracts*

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

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

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

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

*Litigation*

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

NOTE 11: RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; injuries to employees; employee health benefits; and other claims of various natures. The City contracts with the Texas Municipal League (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, 2018 were \$241,043 for property and casualty and workers compensation coverage. There were no significant changes in coverage during fiscal year 2018.

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

CITY OF LIVE OAK, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2018

NOTE 12: TAX INCENTIVES

The City entered into an agreement on September 8, 2014 with a business (Hotel) who constructed a hotel and conference center. This agreement is a one-time initiative to incentivize the Hotel to construct and maintain a conference center within the City. The agreement is in accordance with Section 351.101(a) of the Texas Tax Code which provides in pertinent part that revenue from the "municipal hotel occupancy tax may be used only to promote tourism and the convention and hotel industry, and that use is limited to the following: (1) the acquisition of sites for and the construction, improvement, enlarging, equipping, repairing, operation, and maintenance of convention center facilities or visitor information centers, or both (2) the furnishing of facilities, personnel, and materials for the registration of convention delegates or registrants; and (3) advertising and conducting solicitations and promotion programs to attract tourist and convention delegates or registrants to the municipality or its vicinity". The agreement provides for the payment of hotel occupancy taxes (HOT) to the Hotel to support the maintenance and operations of the hotel and conference center. The terms of the agreement call for a payment of \$270,000 annually of HOT revenues collected by the City from sources other than the Hotel for a period of no less than ten years or until the Hotel achieves \$6,000,000 in gross room revenues with a maximum period of 20 years. In addition, the City will pay 100% of all HOT revenue collected from the Hotel until \$7,646,730 is paid up to a maximum period of 20 years. The Hotel began operations during the 2017 fiscal year and the City paid \$516,948 of HOT revenues collected.

NOTE 13: RESTATEMENT OF NET POSITION

During fiscal year 2018, the City adopted GASB Statement No. 75, "*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*". With the adoption of this standard, the City must assume their Other Post Employment Benefit Liability related to the Supplemental Death Benefit Fund held with TMRS and requires a restatement of beginning net position in the amount of \$256,122.

## REQUIRED SUPPLEMENTARY INFORMATION

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

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

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CITY OF LIVE OAK, TEXAS  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL  
YEAR ENDED SEPTEMBER 30, 2018  
(WITH COMPARATIVE ACTUAL TOTALS FOR 2017)

	ORIGINAL BUDGET	FINAL BUDGET	2018 ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)	2017 ACTUAL AMOUNTS
<u>REVENUES</u>					
Property Taxes	\$ 3,990,927	\$ 3,990,927	\$ 3,996,028	\$ 5,101	\$ 3,834,180
Sales Tax	5,864,968	5,864,968	5,988,594	123,626	5,836,773
Franchise Taxes	1,085,000	1,085,000	1,106,151	21,151	1,107,700
Beverage Taxes	115,000	115,000	94,623	(20,377)	105,722
Fines and Fees	429,000	429,000	516,254	87,254	388,364
Permits and Fees	340,600	340,600	341,623	1,023	248,451
Service Fees	110,700	110,700	92,252	(18,448)	100,704
Intergovernmental	395,231	395,231	395,231	-	394,283
Capital Contributions	-	-	-	-	20,000
Investment Earnings	115,000	115,000	151,607	36,607	114,666
Miscellaneous	41,000	56,000	95,347	39,347	133,492
Total Revenues	<u>12,487,426</u>	<u>12,502,426</u>	<u>12,777,710</u>	<u>275,284</u>	<u>12,284,335</u>
<u>EXPENDITURES</u>					
General Government					
Council	329,330	329,330	117,756	211,574	109,320
City Manager	254,700	254,700	225,097	29,603	213,413
City Secretary	464,413	464,413	371,579	92,834	378,986
Municipal Court	253,850	253,850	225,629	28,221	191,761
Finance	575,769	575,769	541,878	33,891	524,434
Planning and Zoning	145,300	145,300	128,354	16,946	112,798
Emergency Management Office	16,525	16,525	10,235	6,290	11,386
Information Technology	335,618	335,618	305,665	29,953	256,549
Development Services	372,300	372,300	315,308	56,992	350,729
Total General Government	<u>2,747,805</u>	<u>2,747,805</u>	<u>2,241,501</u>	<u>506,304</u>	<u>2,149,376</u>
Public Safety					
Police Services	3,769,923	3,769,923	3,551,330	218,593	3,320,473
Fire and EMS	2,333,523	2,333,523	2,223,116	110,407	2,121,878
Communication Services	622,736	622,736	556,250	66,486	556,390
Total Public Safety	<u>6,726,182</u>	<u>6,726,182</u>	<u>6,330,696</u>	<u>395,486</u>	<u>5,998,741</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, 2018  
(WITH COMPARATIVE ACTUAL TOTALS FOR 2017)

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>2018 ACTUAL AMOUNTS</u>	<u>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</u>	<u>2017 ACTUAL AMOUNTS</u>
<u>EXPENDITURES (CONTINUED)</u>					
Public Works					
General Service	\$ 983,365	\$ 983,365	\$ 820,846	\$ 162,519	\$ 817,667
Street Maintenance	489,825	489,825	424,973	64,852	321,314
Animal Control	279,397	279,397	246,762	32,635	238,411
Parks Maintenance	633,630	633,630	512,193	121,437	490,383
Total Public Works	<u>2,386,217</u>	<u>2,386,217</u>	<u>2,004,774</u>	<u>381,443</u>	<u>1,867,775</u>
Community Service					
Leisure Services	<u>304,345</u>	<u>306,345</u>	<u>239,247</u>	<u>67,098</u>	<u>233,257</u>
Capital Outlay	<u>1,068,832</u>	<u>1,068,832</u>	<u>1,068,832</u>	<u>-</u>	<u>461,697</u>
Total Expenditures	<u>13,233,381</u>	<u>13,235,381</u>	<u>11,885,050</u>	<u>1,350,331</u>	<u>10,710,846</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(745,955)</u>	<u>(732,955)</u>	<u>892,660</u>	<u>1,625,615</u>	<u>1,573,489</u>
<u>OTHER FINANCING SOURCES (USES)</u>					
Transfers In	194,500	194,500	257,751	63,251	252,753
Transfers Out	<u>(481,585)</u>	<u>(481,585)</u>	<u>(481,585)</u>	<u>-</u>	<u>(465,985)</u>
Total Other Financing Sources (Uses)	<u>(287,085)</u>	<u>(287,085)</u>	<u>(223,834)</u>	<u>63,251</u>	<u>(213,232)</u>
Net Change in Fund Balance	(1,033,040)	(1,020,040)	668,826	1,688,866	1,360,257
<u>FUND BALANCE - BEGINNING</u>	<u>11,950,491</u>	<u>11,950,491</u>	<u>11,950,491</u>	<u>-</u>	<u>10,590,234</u>
FUND BALANCE - ENDING	<u>\$ 10,917,451</u>	<u>\$ 10,930,451</u>	<u>\$ 12,619,317</u>	<u>\$ 1,688,866</u>	<u>\$ 11,950,491</u>

**CITY OF LIVE OAK, TEXAS**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS\***  
**FOR THE MEASUREMENT YEAR ENDED DECEMBER 31,**

	Measurement Year			
	2017	2016	2015	2014
<b>Total Pension Liability</b>				
Service Cost	\$ 1,125,289	\$ 1,086,530	\$ 1,059,135	\$ 1,011,607
Interest (on the Total Pension Liability)	2,587,229	2,395,426	2,329,533	2,168,610
Changes of Benefit Terms	-	-	-	-
Difference Between Expected and Actual Experience	399,593	298,495	(466,676)	(136,236)
Change of Assumptions	-	-	142,698	-
Benefit Payments, Including Refunds of Employee Contributions	<u>(965,840)</u>	<u>(950,786)</u>	<u>(788,473)</u>	<u>(749,226)</u>
Net Change in Total Pension Liability	3,146,271	2,829,665	2,276,217	2,294,755
Total Pension Liability - Beginning	<u>38,249,588</u>	<u>35,419,923</u>	<u>33,143,706</u>	<u>30,848,951</u>
Total Pension Liability - Ending (a)	<u>\$ 41,395,859</u>	<u>\$ 38,249,588</u>	<u>\$ 35,419,923</u>	<u>\$ 33,143,706</u>
<b>Plan Fiduciary Net Position</b>				
Contributions - Employer	\$ 1,212,063	\$ 1,188,375	\$ 1,189,471	\$ 1,082,444
Contributions - Employee	451,405	436,358	428,304	422,371
Net Investment Income	4,286,046	1,916,181	40,569	1,447,711
Benefit Payments, Including Refunds of Employee Contributions	(965,840)	(950,786)	(788,473)	(749,226)
Administrative Expense	(22,195)	(21,626)	(24,707)	(15,112)
Other	<u>(1,125)</u>	<u>(1,165)</u>	<u>(1,220)</u>	<u>(1,242)</u>
Net Change in Plan Fiduciary Net Position	4,960,354	2,567,337	843,944	2,186,946
Plan Fiduciary Net Position - Beginning	<u>30,900,969</u>	<u>28,333,632</u>	<u>27,489,688</u>	<u>25,302,742</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 35,861,323</u>	<u>\$ 30,900,969</u>	<u>\$ 28,333,632</u>	<u>\$ 27,489,688</u>
Net Pension Liability (a) - (b)	<u>\$ 5,534,536</u>	<u>\$ 7,348,619</u>	<u>\$ 7,086,291</u>	<u>\$ 5,654,018</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	86.63%	80.79%	79.99%	82.94%
Covered Payroll	6,448,645	6,233,680	6,118,632	6,033,684
Net Pension Liability as a Percentage of Total Covered Payroll	85.82%	117.89%	115.81%	93.71%

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

CITY OF LIVE OAK, TEXAS  
REQUIRED SUPPLEMENTARY INFORMATION  
NET PENSION LIABILITY  
SCHEDULE OF CONTRIBUTIONS\*  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30,

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially Determined Contributions	\$ 1,156,712	\$ 1,113,480	\$ 1,143,310	\$ 1,094,224
Contributions in Relation to the Actuarially Determined Contributions	<u>1,246,712</u>	<u>1,203,480</u>	<u>1,233,310</u>	<u>1,187,234</u>
Contribution Deficiency (Excess)	90,000	90,000	90,000	93,010
Covered Payroll	6,543,573	6,379,408	6,458,084	6,104,168
Contributions as a Percentage of Covered Payroll	19.05%	18.87%	19.10%	19.45%

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



CITY OF LIVE OAK, TEXAS  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES IN OTHER POSTEMPLOYMENT  
BENEFIT LIABILITY AND RELATED RATIOS\*  
FOR THE MEASUREMENT YEAR ENDED DECEMBER 31.

	<u>Measurement</u> <u>Year</u> <u>2017</u>
<b>Total OPEB Liability</b>	
Service Cost	\$ 12,897
Interest (on the Total OPEB Liability)	9,901
Changes of Benefit Terms	-
Difference Between Expected and Actual Experience	-
Change of Assumptions	25,673
Benefit Payments **	<u>(1,290)</u>
Net Change in Total OPEB Liability	47,181
Total OPEB Liability - Beginning	<u>256,122</u>
Total OPEB Liability - Ending	<u>\$ 303,303</u>
Covered Payroll	<u>\$ 6,448,645</u>
OPEB Liability as a Percentage of Total Covered Payroll	4.70%

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

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

CITY OF LIVE OAK, TEXAS  
REQUIRED SUPPLEMENTARY INFORMATION  
OTHER POSTEMPLOYMENT BENEFIT PLAN LIABILITY  
SCHEDULE OF CONTRIBUTIONS\*  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30,

	2018
Actuarially Determined Contributions	\$ 10,795
Contributions in Relation to the Actuarially Determined Contributions	10,795
Contribution Deficiency (Excess)	\$ -
Covered Payroll	\$ 6,543,573
Contributions as a Percentage of Covered Payroll	0.16%

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

CITY OF LIVE OAK, TEXAS  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
SEPTEMBER 30, 2018

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 – NET PENSION LIABILITY

**Valuation Date:**

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

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

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

**Other Information:**

There were no benefit changes during the year.

CITY OF LIVE OAK, TEXAS  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)  
SEPTEMBER 30, 2018

**NOTE 3: SCHEDULE OF CONTRIBUTIONS – OTHER POST EMPLOYMENT BENEFIT LIABILITY**

**Valuation Date:**

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

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

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	29 Years
Asset Valuation Method	10 Year Smoothed Market, 15% Soft Corridor
Inflation	2.50%
Salary Increases	3.5% to 10.50% Including Inflation
Discount Rate *	3.31%
Retiree' Share of Benefit Related Costs	\$-0-
Administrative Expenses	All administrative expenses are paid through the Pension Trustand accounted for under reporting requirements under GASB Statement No. 68
Mortality Rates - Service Retirees	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by and are projected on a fully generational basis with scale BB.
Mortality Rates - Disable Retirees	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% with a 3 year set-forward for both male and females. The rates are projected on a fully generational basis with scale BB to account for future mortality improvements subject to the 3% floor.

\* The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2017

**Other Information:**

There were no benefit changes during the year.

## OTHER SUPPLEMENTARY INFORMATION

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

Such statements and schedules include:

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

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

**SPECIAL REVENUE FUNDS**

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

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

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

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

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

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

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

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

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

**CAPITAL PROJECTS FUNDS**

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

CITY OF LIVE OAK, TEXAS  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2018

	SPECIAL				
	<u>FORFEITURE</u>	<u>CHILD SAFETY</u>	<u>PUBLIC EDUCATION</u>	<u>EMERGENCY RADIO SYSTEM</u>	<u>COURT TECHNOLOGY</u>
<u>ASSETS</u>					
Cash and Cash Equivalents	\$ 74,334	\$ 90,430	\$ 251,389	\$ 67,972	\$ 129,058
Accounts Receivable - Net of Allowance					
Other	834	1,228	8,470	42,190	-
Due from Other Funds	-	-	-	-	-
Due from Other Governments	-	-	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
TOTAL ASSETS	<u>\$ 75,168</u>	<u>\$ 91,658</u>	<u>\$ 259,859</u>	<u>\$ 110,162</u>	<u>\$ 129,058</u>
<u>LIABILITIES</u>					
Accounts Payable	\$ -	\$ 7,832	\$ -	\$ 61,702	\$ -
Accrued Liabilities	-	-	-	-	-
Due to Other Funds	-	-	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Liabilities	<u>-</u>	<u>7,832</u>	<u>-</u>	<u>61,702</u>	<u>-</u>
<u>FUND BALANCES</u>					
Restricted:					
Hotel/Motel	-	-	-	-	-
Forfeiture	75,168	-	-	-	-
Child Safety	-	83,826	-	-	-
Emergency Radio System	-	-	-	48,460	-
Public Education	-	-	259,859	-	-
Court Technology	-	-	-	-	129,058
Alamo Regional SWAT	-	-	-	-	-
Court Security	-	-	-	-	-
Capital Projects	-	-	-	-	-
Committed:					
Capital Projects	-	-	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Fund Balances	<u>75,168</u>	<u>83,826</u>	<u>259,859</u>	<u>48,460</u>	<u>129,058</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 75,168</u>	<u>\$ 91,658</u>	<u>\$ 259,859</u>	<u>\$ 110,162</u>	<u>\$ 129,058</u>



REVENUE FUNDS			CAPITAL PROJECTS				TOTALS
ALAMO REGIONAL SWAT	COURT SECURITY	HOTEL/MOTEL OCCUPANCY FUND	CAPITAL PROJECTS	2005 CERTIFICATES OF OBLIGATION FUND	WOODCREST PARK DONATIONS	2014 GENERAL OBLIGATION BOND FUND	
\$ 21,377	\$ 49,378	\$ 1,174,606	\$ 775,660	\$ -	\$ 12,574	\$ 215,567	\$ 2,862,345
-	-	119,735	-	-	-	-	172,457
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 21,377</u>	<u>\$ 49,378</u>	<u>\$ 1,294,341</u>	<u>\$ 775,660</u>	<u>\$ -</u>	<u>\$ 12,574</u>	<u>\$ 215,567</u>	<u>\$ 3,034,802</u>
\$ 4,777	\$ 141	\$ 126,436	\$ -	\$ -	\$ -	\$ 4,846	205,734
-	45	-	-	-	-	-	45
-	-	-	-	-	-	-	-
<u>4,777</u>	<u>186</u>	<u>126,436</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,846</u>	<u>205,779</u>
-	-	1,167,905	-	-	-	-	1,167,905
-	-	-	-	-	-	-	75,168
-	-	-	-	-	-	-	83,826
-	-	-	-	-	-	-	48,460
-	-	-	-	-	-	-	259,859
-	-	-	-	-	-	-	129,058
16,600	-	-	-	-	-	-	16,600
-	49,192	-	-	-	-	-	49,192
-	-	-	-	-	-	210,721	210,721
-	-	-	775,660	-	12,574	-	788,234
<u>16,600</u>	<u>49,192</u>	<u>1,167,905</u>	<u>775,660</u>	<u>-</u>	<u>12,574</u>	<u>210,721</u>	<u>2,829,023</u>
<u>\$ 21,377</u>	<u>\$ 49,378</u>	<u>\$ 1,294,341</u>	<u>\$ 775,660</u>	<u>\$ -</u>	<u>\$ 12,574</u>	<u>\$ 215,567</u>	<u>\$ 3,034,802</u>

CITY OF LIVE OAK, TEXAS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED SEPTEMBER 30, 2018

	SPECIAL				
	FORFEITURE	CHILD SAFETY	PUBLIC EDUCATION	EMERGENCY RADIO SYSTEM	COURT TECHNOLOGY
<u>REVENUES</u>					
Occupancy Tax	\$ -	\$ -	\$ -	\$ -	\$ -
Franchise Fees	-	-	34,059	-	-
Fines and Fees	24,745	16,830	-	-	13,129
Service Fees	-	-	-	41,624	-
Intergovernmental	-	-	-	-	-
Investment Earnings	934	1,303	3,343	662	1,809
Miscellaneous	-	-	-	-	-
Total Revenues	<u>25,679</u>	<u>18,133</u>	<u>37,402</u>	<u>42,286</u>	<u>14,938</u>
<u>EXPENDITURES</u>					
Current					
General Government	-	-	-	-	8,459
Public Safety	2,076	5,889	-	101,362	-
Public Works	-	15,360	-	-	-
Capital Outlay	<u>26,815</u>	<u>-</u>	<u>-</u>	<u>10,659</u>	<u>-</u>
Total Expenditures	<u>28,891</u>	<u>21,249</u>	<u>-</u>	<u>112,021</u>	<u>8,459</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(3,212)</u>	<u>(3,116)</u>	<u>37,402</u>	<u>(69,735)</u>	<u>6,479</u>
<u>OTHER FINANCING SOURCES (USES)</u>					
Transfers In	-	-	-	58,525	-
Transfers Out	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	58,525	-
Net Change in Fund Balances	(3,212)	(3,116)	37,402	(11,210)	6,479
<u>FUND BALANCES AT BEGINNING OF YEAR</u>	<u>78,380</u>	<u>86,942</u>	<u>222,457</u>	<u>59,670</u>	<u>122,579</u>
FUND BALANCES AT END OF YEAR	<u>\$ 75,168</u>	<u>\$ 83,826</u>	<u>\$ 259,859</u>	<u>\$ 48,460</u>	<u>\$ 129,058</u>

REVENUE FUNDS			CAPITAL PROJECT FUNDS				TOTALS
ALAMO REGIONAL SWAT	COURT SECURITY	HOTEL/MOTEL OCCUPANCY FUND	CAPITAL PROJECTS	2005 CERTIFICATES OF OBLIGATION FUND	WOODCREST PARK DONATIONS	2014 GENERAL OBLIGATION BOND FUND	
\$ -	\$ -	\$ 592,016	\$ -	\$ -	\$ -	\$ -	\$ 592,016
-	-	-	-	-	-	-	34,059
-	9,847	-	-	-	-	-	64,551
-	-	-	-	-	-	-	41,624
32,500	-	-	-	-	-	-	32,500
-	670	17,086	12,784	-	116	10,547	49,254
-	-	-	308	-	-	-	308
<u>32,500</u>	<u>10,517</u>	<u>609,102</u>	<u>13,092</u>	<u>-</u>	<u>116</u>	<u>10,547</u>	<u>814,312</u>
-	10,753	526,189	753,196	220	7,147	236,472	1,542,436
12,209	-	-	-	-	-	-	121,536
-	-	-	-	-	-	-	15,360
-	-	-	6,500	-	-	-	43,974
<u>12,209</u>	<u>10,753</u>	<u>526,189</u>	<u>759,696</u>	<u>220</u>	<u>7,147</u>	<u>236,472</u>	<u>1,723,306</u>
<u>20,291</u>	<u>(236)</u>	<u>82,913</u>	<u>(746,604)</u>	<u>(220)</u>	<u>(7,031)</u>	<u>(225,925)</u>	<u>(908,994)</u>
6,500	-	-	335,000	-	-	-	400,025
(26,500)	-	-	-	-	-	-	(26,500)
(20,000)	-	-	335,000	-	-	-	373,525
291	(236)	82,913	(411,604)	(220)	(7,031)	(225,925)	(535,469)
<u>16,309</u>	<u>49,428</u>	<u>1,084,992</u>	<u>1,187,264</u>	<u>220</u>	<u>19,605</u>	<u>436,646</u>	<u>3,364,492</u>
<u>\$ 16,600</u>	<u>\$ 49,192</u>	<u>\$ 1,167,905</u>	<u>\$ 775,660</u>	<u>\$ -</u>	<u>\$ 12,574</u>	<u>\$ 210,721</u>	<u>\$ 2,829,023</u>

CITY OF LIVE OAK, TEXAS  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
FORFEITURE  
YEAR ENDED SEPTEMBER 30, 2018  
(WITH COMPARATIVE ACTUAL TOTALS FOR 2017)

	<u>ORIGINAL AND FINAL BUDGET</u>	<u>2018 ACTUAL AMOUNTS</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>	<u>2017 ACTUAL AMOUNTS</u>
<u>REVENUES</u>				
Fines and Fees	\$ 16,000	\$ 24,745	\$ 8,745	\$ 24,253
Investment Earnings	<u>160</u>	<u>934</u>	<u>774</u>	<u>389</u>
Total Revenues	<u>16,160</u>	<u>25,679</u>	<u>9,519</u>	<u>24,642</u>
<u>EXPENDITURES</u>				
Public Safety	6,000	2,076	3,924	-
Capital Outlay	<u>67,950</u>	<u>26,815</u>	<u>41,135</u>	<u>14,000</u>
Total Expenditures	<u>73,950</u>	<u>28,891</u>	<u>45,059</u>	<u>14,000</u>
Net Change in Fund Balance	(57,790)	(3,212)	54,578	10,642
<u>FUND BALANCE - BEGINNING</u>	<u>78,380</u>	<u>78,380</u>	<u>-</u>	<u>67,738</u>
FUND BALANCE - ENDING	<u>\$ 20,590</u>	<u>\$ 75,168</u>	<u>\$ 54,578</u>	<u>\$ 78,380</u>

CITY OF LIVE OAK, TEXAS  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
CHILD SAFETY  
YEAR ENDED SEPTEMBER 30, 2018  
(WITH COMPARATIVE ACTUAL TOTALS FOR 2017)

	ORIGINAL AND FINAL BUDGET	2018 ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	2017 ACTUAL AMOUNTS
<u>REVENUES</u>				
Fines and Fees	\$ 15,000	\$ 16,830	\$ 1,830	\$ 16,500
Investment Earnings	<u>-</u>	<u>1,303</u>	<u>1,303</u>	<u>461</u>
Total Revenues	<u>15,000</u>	<u>18,133</u>	<u>3,133</u>	<u>16,961</u>
<u>EXPENDITURES</u>				
Public Works	17,000	15,360	1,640	2,466
Public Safety	<u>6,000</u>	<u>5,889</u>	<u>111</u>	<u>5,371</u>
Total Expenditures	<u>23,000</u>	<u>21,249</u>	<u>1,751</u>	<u>7,837</u>
Net Change in Fund Balance	(8,000)	(3,116)	4,884	9,124
<u>FUND BALANCE - BEGINNING</u>	<u>86,942</u>	<u>86,942</u>	<u>-</u>	<u>77,818</u>
FUND BALANCE - ENDING	<u>\$ 78,942</u>	<u>\$ 83,826</u>	<u>\$ 4,884</u>	<u>\$ 86,942</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, 2018  
(WITH COMPARATIVE ACTUAL TOTALS FOR 2017)

	ORIGINAL AND FINAL BUDGET	2018 ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	2017 ACTUAL AMOUNTS
<u>REVENUES</u>				
Service Fees	\$ 39,000	\$ 41,624	\$ 2,624	\$ 40,080
Investment Earnings	150	662	512	693
Miscellaneous	-	-	-	700
Total Revenues	<u>39,150</u>	<u>42,286</u>	<u>3,136</u>	<u>41,473</u>
<u>EXPENDITURES</u>				
Public Safety	135,060	101,362	33,698	115,272
Capital Outlay	<u>14,500</u>	<u>10,659</u>	<u>3,841</u>	<u>13,263</u>
Total Expenditures	<u>149,560</u>	<u>112,021</u>	<u>37,539</u>	<u>128,535</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(110,410)</u>	<u>(69,735)</u>	<u>40,675</u>	<u>(87,062)</u>
<u>OTHER FINANCING SOURCES</u>				
Transfers In	<u>58,525</u>	<u>58,525</u>	-	<u>55,025</u>
Total Other Financing Sources (Uses)	<u>58,525</u>	<u>58,525</u>	-	<u>55,025</u>
Net Change in Fund Balance	(51,885)	(11,210)	40,675	(32,037)
<u>FUND BALANCE - BEGINNING</u>	<u>59,670</u>	<u>59,670</u>	-	<u>91,707</u>
FUND BALANCE - ENDING	<u>\$ 7,785</u>	<u>\$ 48,460</u>	<u>\$ 40,675</u>	<u>\$ 59,670</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, 2018  
(WITH COMPARATIVE ACTUAL TOTALS FOR 2017)

	ORIGINAL AND FINAL BUDGET	2018 ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	2017 ACTUAL AMOUNTS
<u>REVENUES</u>				
Franchise Fees	\$ 40,000	\$ 34,059	\$ (5,941)	\$ 35,988
Investment Earnings	500	3,343	2,843	1,223
Total Revenues	<u>40,500</u>	<u>37,402</u>	<u>(3,098)</u>	<u>37,211</u>
Net Change in Fund Balance	40,500	37,402	(3,098)	37,211
<u>FUND BALANCE - BEGINNING</u>	<u>222,457</u>	<u>222,457</u>	<u>-</u>	<u>185,246</u>
FUND BALANCE - ENDING	<u>\$ 262,957</u>	<u>\$ 259,859</u>	<u>\$ (3,098)</u>	<u>\$ 222,457</u>

CITY OF LIVE OAK, TEXAS  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
COURT TECHNOLOGY  
YEAR ENDED SEPTEMBER 30, 2018  
(WITH COMPARATIVE ACTUAL TOTALS FOR 2017)

	ORIGINAL AND FINAL BUDGET	2018 ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	2017 ACTUAL AMOUNTS
<u>REVENUES</u>				
Fines and Fees	\$ 12,000	\$ 13,129	\$ 1,129	\$ 9,788
Investment Earnings	250	1,809	1,559	768
Total Revenues	<u>12,250</u>	<u>14,938</u>	<u>2,688</u>	<u>10,556</u>
<u>EXPENDITURES</u>				
General Government	<u>12,150</u>	<u>8,459</u>	<u>3,691</u>	<u>1,939</u>
Net Change in Fund Balance	100	6,479	6,379	8,617
<u>FUND BALANCE - BEGINNING</u>	<u>122,579</u>	<u>122,579</u>	<u>-</u>	<u>113,962</u>
FUND BALANCE - ENDING	<u>\$ 122,679</u>	<u>\$ 129,058</u>	<u>\$ 6,379</u>	<u>\$ 122,579</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, 2018  
(WITH COMPARATIVE ACTUAL TOTALS FOR 2017)

	ORIGINAL AND FINAL BUDGET	2018 ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	2017 ACTUAL AMOUNTS
<u>REVENUES</u>				
Intergovernmental	\$ 32,500	\$ 32,500	\$ -	\$ 32,500
<u>EXPENDITURES</u>				
Public Safety	12,475	12,209	266	9,711
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfer In	6,500	6,500	-	6,500
Transfer Out	(26,500)	(26,500)	-	(26,500)
Total Other Financing Sources (Uses)	(20,000)	(20,000)	-	(20,000)
Net Change in Fund Balance	25	291	266	2,789
<u>FUND BALANCE - BEGINNING</u>	<u>16,309</u>	<u>16,309</u>	<u>-</u>	<u>13,520</u>
FUND BALANCE - ENDING	<u>\$ 16,334</u>	<u>\$ 16,600</u>	<u>\$ 266</u>	<u>\$ 16,309</u>

CITY OF LIVE OAK, TEXAS  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
COURT SECURITY  
YEAR ENDED SEPTEMBER 30, 2018  
(WITH COMPARATIVE ACTUAL TOTALS FOR 2017)

	ORIGINAL AND FINAL BUDGET	2018 ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	2017 ACTUAL AMOUNTS
<u>REVENUES</u>				
Fines and Fees	\$ 10,000	\$ 9,847	\$ (153)	\$ 7,341
Investment Earnings	100	670	570	299
Total Revenues	<u>10,100</u>	<u>10,517</u>	<u>417</u>	<u>7,640</u>
<u>EXPENDITURES</u>				
General Government	<u>20,370</u>	<u>10,753</u>	<u>9,617</u>	<u>7,273</u>
Net Change in Fund Balance	(10,270)	(236)	10,034	367
<u>FUND BALANCE - BEGINNING</u>	<u>49,428</u>	<u>49,428</u>	<u>-</u>	<u>49,061</u>
FUND BALANCE - ENDING	<u>\$ 39,158</u>	<u>\$ 49,192</u>	<u>\$ 10,034</u>	<u>\$ 49,428</u>

CITY OF LIVE OAK, TEXAS  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
HOTEL/MOTEL OCCUPANCY TAX  
YEAR ENDED SEPTEMBER 30, 2018  
(WITH COMPARATIVE ACTUAL TOTALS FOR 2017)

	ORIGINAL AND FINAL BUDGET	2018 ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	2017 ACTUAL AMOUNTS
<u>REVENUES</u>				
Occupancy Tax	\$ 550,000	\$ 592,016	\$ 42,016	\$ 596,882
Investment Earnings	<u>5,000</u>	<u>17,086</u>	<u>12,086</u>	<u>6,695</u>
Total Revenues	<u>555,000</u>	<u>609,102</u>	<u>54,102</u>	<u>603,577</u>
<u>EXPENDITURES</u>				
Current				
General Government	<u>545,000</u>	<u>526,189</u>	<u>18,811</u>	<u>498,635</u>
Net Change in Fund Balance	<u>10,000</u>	<u>82,913</u>	<u>35,291</u>	<u>104,942</u>
<u>FUND BALANCE - BEGINNING</u>	<u>1,084,992</u>	<u>1,084,992</u>	<u>-</u>	<u>980,050</u>
FUND BALANCE - ENDING	<u>\$ 1,094,992</u>	<u>\$ 1,167,905</u>	<u>\$ 35,291</u>	<u>\$ 1,084,992</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, 2018  
(WITH COMPARATIVE ACTUAL TOTALS FOR 2017)

	ORIGINAL AND FINAL BUDGET	2018 ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	2017 ACTUAL AMOUNTS
<u>REVENUES</u>				
Property Taxes	\$ 1,410,835	\$ 1,406,319	\$ (4,516)	\$ 1,422,168
Intergovernmental	737,445	737,445	-	733,716
Investment Earnings	<u>3,000</u>	<u>14,860</u>	<u>11,860</u>	<u>3,239</u>
Total Revenues	<u>2,151,280</u>	<u>2,158,624</u>	<u>7,344</u>	<u>2,159,123</u>
<u>EXPENDITURES</u>				
Principal	1,725,000	1,725,000	-	1,675,000
Interest and Fiscal Charges	<u>678,605</u>	<u>677,093</u>	<u>1,512</u>	<u>731,618</u>
Total Expenditures	<u>2,403,605</u>	<u>2,402,093</u>	<u>1,512</u>	<u>2,406,618</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(252,325)</u>	<u>(243,469)</u>	<u>8,856</u>	<u>(247,495)</u>
<u>OTHER FINANCING SOURCES</u>				
Transfers In	<u>254,605</u>	<u>252,325</u>	<u>(2,280)</u>	<u>254,605</u>
Net Change in Fund Balance	2,280	8,856	6,576	7,110
<u>FUND BALANCE - BEGINNING</u>	<u>372,025</u>	<u>372,025</u>	<u>-</u>	<u>364,915</u>
FUND BALANCE - ENDING	<u>\$ 374,305</u>	<u>\$ 380,881</u>	<u>\$ 6,576</u>	<u>\$ 372,025</u>

CITY OF LIVE OAK, TEXAS  
DISCRETELY PRESENTED COMPONENT UNIT  
LIVE OAK ECONOMIC DEVELOPMENT CORPORATION  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - MODIFIED ACCRUAL BASIS OF ACCOUNTING  
YEAR ENDED SEPTEMBER 30, 2018  
(WITH COMPARATIVE ACTUAL TOTALS FOR 2017)

	ORIGINAL AND FINAL BUDGET	2018 ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)	2017 ACTUAL AMOUNTS
<u>REVENUES</u>				
Sales Taxes	\$ 1,954,989	\$ 1,996,198	\$ 41,209	\$ 1,945,591
Investment Earnings	12,000	23,304	11,304	25,542
Total Revenues	<u>1,966,989</u>	<u>2,019,502</u>	<u>52,513</u>	<u>1,971,133</u>
<u>EXPENDITURES</u>				
General Government	520,140	332,004	188,136	448,717
Excess of Revenues Over Expenditures	<u>1,446,849</u>	<u>1,687,498</u>	<u>240,649</u>	<u>1,522,416</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers Out	(1,122,676)	(1,122,821)	(145)	(1,137,681)
Net Change in Fund Balance	324,173	564,677	240,504	384,735
<u>FUND BALANCE - BEGINNING</u>	<u>2,547,805</u>	<u>2,547,805</u>	-	<u>2,163,070</u>
FUND BALANCE - ENDING	<u>\$ 2,871,978</u>	<u>\$ 3,112,482</u>	<u>\$ 240,504</u>	<u>\$ 2,547,805</u>

CITY OF LIVE OAK, TEXAS  
COMPARATIVE BALANCE SHEETS  
GENERAL FUND  
SEPTEMBER 30, 2018

	2018	2017
<u>ASSETS</u>		
Cash and Cash Equivalents	\$ 3,706,843	\$ 3,239,347
Investments	8,726,436	8,492,569
Receivables		
Ad Valorem Taxes (Net of Allowance for Uncollectibles of \$18,038 and \$16,904)	38,056	35,769
Sales Taxes	985,056	917,489
Franchise Taxes	-	-
Other	508,246	460,015
Due from Other Governments	490	-
Due from Other Funds	-	-
Accrued Interest	30,806	22,351
Prepaid Items	17,800	114,631
TOTAL ASSETS	\$ 14,013,733	\$ 13,282,171
<u>LIABILITIES</u>		
Accounts Payable	\$ 516,586	\$ 486,429
Accrued Liabilities	83,253	79,963
Due to Other Governments	5	54,206
Unearned Revenue	4,060	2,400
Total Liabilities	603,904	622,998
<u>DEFERRED INFLOW OF RESOURCES</u>		
Unearned Revenue - Taxes	790,512	708,682
<u>FUND BALANCES</u>		
Nonspendable		
Prepaid Items	17,800	114,631
Restricted		
Weed Abatement	3,660	6,747
Committed		
Asset Replacement	2,553,151	2,482,170
Unassigned	10,044,706	9,346,943
Total Fund Balances	12,619,317	11,950,491
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCES	\$ 14,013,733	\$ 13,282,171

CITY OF LIVE OAK, TEXAS  
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GENERAL FUND  
YEARS ENDED SEPTEMBER 30, 2018

	2018	2017
<u>REVENUES</u>		
Property Taxes	\$ 3,996,028	\$ 3,834,180
Sales Tax	5,988,594	5,836,773
Franchise Taxes	1,106,151	1,107,700
Beverage Taxes	94,623	105,722
Fines and Fees	516,254	388,364
Permits and Fees	341,623	248,451
Service Fees	92,252	100,704
Intergovernmental	395,231	394,283
Capital Contributions	-	20,000
Investment Earnings	151,607	114,666
Miscellaneous	95,347	133,492
Total Revenues	12,777,710	12,284,335
<u>EXPENDITURES</u>		
General Government	2,241,501	2,149,376
Public Safety	6,330,696	5,998,741
Public Works	2,004,774	1,867,775
Community Services	239,247	233,257
Capital Outlay	1,068,832	461,697
Total Expenditures	11,885,050	10,710,846
Excess (Deficiency) of Revenues Over (Under) Expenditures	892,660	1,573,489
<u>OTHER FINANCING SOURCES (USES)</u>		
Transfers In	257,751	252,753
Transfers Out	(481,585)	(465,985)
Total Other Financing Sources (Uses)	(223,834)	(213,232)
Net Change in Fund Balances	668,826	1,360,257
<u>FUND BALANCES AT BEGINNING OF YEAR</u>	11,950,491	10,590,234
FUND BALANCES AT END OF YEAR	\$ 12,619,317	\$ 11,950,491

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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.

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### Tables

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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>2009*</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<u>GOVERNMENTAL ACTIVITIES</u>				
Net Investment in Capital Assets	\$ 6,494,007	\$ 7,660,148	\$ 7,660,148	\$ 8,073,159
Restricted	941,509	1,277,624	1,277,624	1,160,105
Unrestricted	<u>8,576,444</u>	<u>9,984,672</u>	<u>9,984,672</u>	<u>9,741,537</u>
 TOTAL GOVERNMENTAL ACTIVITIES NET POSITION	 <u>\$ 16,011,960</u>	 <u>\$ 18,922,444</u>	 <u>\$ 18,922,444</u>	 <u>\$ 18,974,801</u>
<u>BUSINESS-TYPE ACTIVITIES</u>				
Net Investment in Capital Assets	\$ 5,326,566	\$ 5,048,551	\$ 4,872,400	\$ 5,264,573
Unrestricted	<u>2,126,850</u>	<u>2,331,113</u>	<u>2,462,678</u>	<u>2,100,154</u>
 TOTAL BUSINESS-TYPE ACTIVITIES NET POSITION	 <u>\$ 7,453,416</u>	 <u>\$ 7,379,664</u>	 <u>\$ 7,335,078</u>	 <u>\$ 7,364,727</u>
<u>PRIMARY GOVERNMENT</u>				
Net Investment in Capital Assets	\$ 11,820,573	\$ 12,708,699	\$ 12,532,548	\$ 13,337,732
Restricted	941,509	1,277,624	1,277,624	1,160,105
Unrestricted	<u>10,703,294</u>	<u>12,315,785</u>	<u>12,447,350</u>	<u>11,841,691</u>
 TOTAL PRIMARY GOVERNMENT NET POSITION	 <u>\$ 23,465,376</u>	 <u>\$ 26,302,108</u>	 <u>\$ 26,257,522</u>	 <u>\$ 26,339,528</u>

Notes:

\*In 2009, 2017 and 2018 the Live Oak Economic Development Corporation (EDC) financial information was not included in the City's governmental activities due to being a discretely presented, as opposed to blended, component unit.

TABLE 1

<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017*</u>	<u>2018*</u>
\$ 8,441,921	\$ 7,684,247	\$ 10,047,544	\$ 2,498,042	\$ 337,900	\$ 1,410,757
3,018,682	3,179,395	1,884,219	1,944,020	2,083,220	2,425,330
<u>10,129,923</u>	<u>10,791,866</u>	<u>5,221,828</u>	<u>9,903,047</u>	<u>8,980,757</u>	<u>8,797,162</u>
<u>\$ 21,590,526</u>	<u>\$ 21,655,508</u>	<u>\$ 17,153,591</u>	<u>\$ 14,345,109</u>	<u>\$ 11,401,877</u>	<u>\$ 12,633,249</u>
\$ 5,095,397	\$ 5,025,941	\$ 5,209,804	\$ 5,263,431	\$ 5,054,357	\$ 5,058,875
<u>2,373,622</u>	<u>2,233,452</u>	<u>1,871,554</u>	<u>1,626,416</u>	<u>1,239,452</u>	<u>1,298,275</u>
<u>\$ 7,469,019</u>	<u>\$ 7,259,393</u>	<u>\$ 7,081,358</u>	<u>\$ 6,889,847</u>	<u>\$ 6,293,809</u>	<u>\$ 6,357,150</u>
\$ 13,537,318	\$ 12,710,188	\$ 15,257,348	\$ 7,761,473	\$ 5,392,257	\$ 6,469,632
3,018,682	3,179,395	1,884,219	1,944,020	2,083,220	2,425,330
<u>12,503,545</u>	<u>13,025,318</u>	<u>7,093,382</u>	<u>11,529,463</u>	<u>10,220,209</u>	<u>10,095,437</u>
<u>\$ 29,059,545</u>	<u>\$ 28,914,901</u>	<u>\$ 24,234,949</u>	<u>\$ 21,234,956</u>	<u>\$ 17,695,686</u>	<u>\$ 18,990,399</u>

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

	<u>2009*</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<u>EXPENSES</u>				
<u>Governmental Activities</u>				
General Government	\$ 2,241,114	\$ 2,539,637	\$ 3,267,821	\$ 3,145,186
Public Safety	4,917,942	5,651,105	5,961,954	6,190,610
Public Works	2,108,618	2,359,455	2,459,804	2,633,267
Community Services	150,041	157,376	173,002	231,477
Interest on Long-Term Debt	892,894	858,184	731,021	749,670
Total Governmental Activities	<u>10,310,609</u>	<u>11,565,757</u>	<u>12,593,602</u>	<u>12,950,210</u>
<u>Business-Type Activities</u>				
Water and Wastewater Utilities	2,485,643	2,726,386	3,237,249	2,869,242
Utility Development Replacement and Renewal	64,269	163,493	188,075	150,435
Storm Water Fund	378,638	375,347	380,789	422,827
Total Business-Type Activities	<u>2,928,550</u>	<u>3,265,226</u>	<u>3,806,113</u>	<u>3,442,504</u>
Total Primary Government Expenses	<u>13,239,159</u>	<u>14,830,983</u>	<u>16,399,715</u>	<u>16,392,714</u>
<u>PROGRAM REVENUES</u>				
<u>Governmental Activities</u>				
Charges for Service				
General Government	406,207	382,722	387,329	458,595
Public Safety	432,035	1,315,857	497,400	621,369
Public Works	229,949	374,441	405,199	269,836
Community Services	56,278	59,846	58,355	48,986
Operating Grants and Contributions	1,271,376	89,986	92,968	175,935
Capital Grants and Contributions	3,375	-	-	-
Total Governmental Activities Program Revenues	<u>2,399,220</u>	<u>2,222,852</u>	<u>1,441,251</u>	<u>1,574,721</u>
<u>Business-Type Activities</u>				
Charges for Service				
Water and Wastewater Utilities	2,782,143	2,890,678	3,476,022	3,278,597
Utility Development Replacement and Renewal	-	-	-	4,017
Storm Water Fund	336,092	638,633	602,902	538,236
Capital Grants and Contributions	44,500	-	-	-
Total Business-Type Activities Program Revenues	<u>3,162,735</u>	<u>3,529,311</u>	<u>4,078,924</u>	<u>3,820,850</u>
Total Primary Government Program Revenues	<u>5,561,955</u>	<u>5,752,163</u>	<u>5,520,175</u>	<u>5,395,571</u>

Notes:

\*In 2009, 2017 and 2018 the Live Oak Economic Development Corporation (EDC) financial information was not included in the City's governmental activities due to being a discretely presented, as opposed to blended, component unit.

TABLE 2

2013	2014	2015	2016	2017*	2018*
\$ 2,894,648	\$ 3,247,132	\$ 5,914,432	\$ 8,380,379	\$ 5,832,574	\$ 3,957,565
6,082,404	6,176,238	6,716,420	6,548,599	7,141,799	7,208,670
2,645,246	2,496,790	2,574,042	2,680,500	2,724,691	2,785,890
168,400	194,147	177,765	201,719	236,786	244,312
714,076	883,904	683,723	684,213	633,911	579,660
<u>12,504,774</u>	<u>12,998,211</u>	<u>16,066,382</u>	<u>18,495,410</u>	<u>16,569,761</u>	<u>14,776,097</u>
2,967,953	3,112,081	3,284,037	3,226,920	3,322,107	3,679,114
227,632	495,952	33,563	183,331	383,704	228,145
408,917	398,244	397,259	580,855	477,189	509,026
<u>3,604,502</u>	<u>4,006,277</u>	<u>3,714,859</u>	<u>3,991,106</u>	<u>4,183,000</u>	<u>4,416,285</u>
<u>16,109,276</u>	<u>17,004,488</u>	<u>19,781,241</u>	<u>22,486,516</u>	<u>20,752,761</u>	<u>19,192,382</u>
583,196	68,028	208,017	53,086	1,028,765	46,408
635,248	734,979	531,948	672,712	669,876	897,738
270,191	220,522	281,317	167,563	200,946	291,422
55,676	58,118	63,496	57,689	63,893	65,127
3,095	15,635	77,500	32,500	44,845	974,452
413,886	-	-	-	270,000	-
<u>1,961,292</u>	<u>1,097,282</u>	<u>1,162,278</u>	<u>983,550</u>	<u>2,278,325</u>	<u>2,275,147</u>
3,427,956	3,480,567	3,550,228	3,351,518	3,285,822	4,027,254
2,339	14,922	-	-	-	-
548,990	550,201	552,245	557,942	526,365	592,047
-	-	-	-	147,337	197,698
<u>3,979,285</u>	<u>4,045,690</u>	<u>4,102,473</u>	<u>3,909,460</u>	<u>3,959,524</u>	<u>4,816,999</u>
<u>5,940,577</u>	<u>5,142,972</u>	<u>5,264,751</u>	<u>4,893,010</u>	<u>6,237,849</u>	<u>7,092,146</u>

(CONTINUED)

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

	<u>2009*</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<u>Net (Expense) Revenues</u>				
Governmental Activities	\$ (7,911,389)	\$ (9,342,905)	\$ (11,152,351)	\$ (11,375,489)
Business-Type Activities	<u>234,185</u>	<u>264,085</u>	<u>272,811</u>	<u>378,346</u>
Total Primary Government				
Net Expenses	<u>(7,677,204)</u>	<u>(9,078,820)</u>	<u>(10,879,540)</u>	<u>(10,997,143)</u>
 <u>GOVERNMENTAL REVENUES AND OTHER</u>				
<u>CHANGES IN NET POSITION</u>				
<u>Governmental Activities</u>				
<u>Taxes</u>				
Property Taxes	3,031,549	3,542,393	3,631,698	3,657,100
Sales Taxes	4,113,131	5,600,972	5,883,522	6,200,731
Franchise Taxes	717,274	810,184	812,004	852,464
Beverage Taxes	77,701	82,225	81,905	67,084
Occupancy Taxes	185,162	156,639	166,460	244,018
Interest and Investment Earnings	137,002	57,975	51,499	33,704
Gain (Loss) on Sale of Capital Assets	-	-	-	-
Miscellaneous	98,183	55,112	138,072	21,595
Transfers	<u>98,570</u>	<u>342,051</u>	<u>320,338</u>	<u>351,150</u>
Total Governmental Activities	<u>8,458,572</u>	<u>10,647,551</u>	<u>11,085,498</u>	<u>11,427,846</u>
 <u>Business-Type Activities</u>				
Interest and Investment Earnings	15,401	4,214	2,941	2,453
Miscellaneous	-	-	-	-
Transfers	<u>(98,570)</u>	<u>(342,051)</u>	<u>(320,338)</u>	<u>(351,150)</u>
Total Business-Type Activities	<u>(83,169)</u>	<u>(337,837)</u>	<u>(317,397)</u>	<u>(348,697)</u>
 <u>CHANGES IN NET POSITION</u>				
Governmental Activities	547,183	1,304,646	(66,853)	52,357
Business-Type Activities	<u>151,016</u>	<u>(73,752)</u>	<u>(44,586)</u>	<u>29,649</u>
 TOTAL PRIMARY GOVERNMENT	 <u>\$ 698,199</u>	 <u>\$ 1,230,894</u>	 <u>\$ (111,439)</u>	 <u>\$ 82,006</u>

Notes:

\*In 2009, 2017 and 2018 the Live Oak Economic Development Corporation (EDC) financial information was not included in the City's governmental activities due to being a discretely presented, as opposed to blended, component unit.



TABLE 2 (CONTINUED)

2013	2014	2015	2016	2017*	2018*
\$ (10,543,482)	\$ (11,900,929)	\$ (14,904,104)	\$ (17,511,860)	\$ (14,341,933)	\$ (12,500,950)
<u>374,783</u>	<u>39,413</u>	<u>387,614</u>	<u>(81,646)</u>	<u>(223,476)</u>	<u>400,714</u>
<u>(10,168,699)</u>	<u>(11,861,516)</u>	<u>(14,516,490)</u>	<u>(17,593,506)</u>	<u>(14,565,409)</u>	<u>(12,100,236)</u>
3,728,011	3,877,655	4,770,375	4,816,434	5,302,619	5,405,636
6,265,374	6,512,987	7,413,737	7,742,339	5,836,773	6,016,246
818,781	1,060,879	1,179,497	1,170,417	1,143,688	1,140,210
74,078	94,889	101,768	112,942	105,722	94,623
345,329	403,004	436,420	540,765	596,882	592,016
58,912	37,346	69,873	162,719	158,707	215,721
1,577,767	-	12,209	-	(50,497)	21,715
18,231	39,380	42,045	41,487	79,793	72,164
<u>272,724</u>	<u>249,785</u>	<u>103,803</u>	<u>116,275</u>	<u>397,898</u>	<u>402,016</u>
<u>13,159,207</u>	<u>12,275,925</u>	<u>14,129,727</u>	<u>14,703,378</u>	<u>13,571,585</u>	<u>13,960,347</u>
2,233	746	1,105	6,410	16,534	36,099
-	-	-	-	8,802	56,641
<u>(272,724)</u>	<u>(249,785)</u>	<u>(103,803)</u>	<u>(116,275)</u>	<u>(397,989)</u>	<u>(402,016)</u>
<u>(270,491)</u>	<u>(249,039)</u>	<u>(102,698)</u>	<u>(109,865)</u>	<u>(372,653)</u>	<u>(309,276)</u>
2,615,725	374,996	(774,377)	(2,808,482)	(719,851)	1,459,397
<u>104,292</u>	<u>(209,626)</u>	<u>284,916</u>	<u>(191,511)</u>	<u>(596,038)</u>	<u>91,438</u>
<u>\$ 2,720,017</u>	<u>\$ 165,370</u>	<u>\$ (489,461)</u>	<u>\$ (2,999,993)</u>	<u>\$ (1,315,889)</u>	<u>\$ 1,550,835</u>

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

	<u>2009*</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<u>GENERAL FUND</u>				
Reserved	\$ 73,398	\$ 38,465	\$ -	\$ -
Unreserved	8,127,315	8,380,372	-	-
Nonspendable:				
Prepaid Items	-	-	15,548	19,307
Restricted:				
Weed Abatement	-	-	17,988	12,323
Committed:				
Asset Replacement	-	-	1,784,217	1,572,184
Unassigned:	<u>-</u>	<u>-</u>	<u>6,550,584</u>	<u>6,565,155</u>
 TOTAL GENERAL FUND	 <u>\$ 8,200,713</u>	 <u>\$ 8,418,837</u>	 <u>\$ 8,368,337</u>	 <u>\$ 8,168,969</u>
 <u>ALL OTHER GOVERNMENTAL FUNDS</u>				
Reserved	\$ 783,126	\$ 1,567,597	\$ -	\$ -
Unreserved, Reported in:				
Special Revenue Funds	274,038	1,980,717	-	-
Capital Project Funds*	1,703,372	338,044	-	-
Nonspendable:				
Prepaid Items	-	-	6,346	1,245
Restricted:				
Special Revenue Funds	-	-	952,753	876,019
Debt Service	-	-	306,883	271,763
Capital Projects Funds	-	-	-	-
Committed:				
Economic Development	-	-	948,484	1,029,211
Capital Projects Funds	<u>-</u>	<u>-</u>	<u>480,357</u>	<u>396,086</u>
 TOTAL ALL OTHER GOVERNMENTAL FUNDS	 <u>\$ 2,760,536</u>	 <u>\$ 3,886,358</u>	 <u>\$ 2,694,823</u>	 <u>\$ 2,574,324</u>

Notes:

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

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

\*In 2009, 2017 and 2018 the Live Oak Economic Development Corporation (EDC) financial information was not included in the City's governmental activities due to being a discretely presented, as opposed to blended, component unit.

TABLE 3

2013	2014	2015	2016	2017*	2018*
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
18,730	10,127	10,022	15,458	114,631	17,800
8,827	10,416	15,465	13,523	6,747	3,660
1,625,100	1,846,355	1,978,705	1,943,738	2,482,170	2,553,151
<u>6,516,011</u>	<u>6,816,883</u>	<u>7,536,197</u>	<u>8,617,515</u>	<u>9,346,943</u>	<u>10,044,706</u>
<u>\$ 8,168,668</u>	<u>\$ 8,683,781</u>	<u>\$ 9,540,389</u>	<u>\$ 10,590,234</u>	<u>\$ 11,950,491</u>	<u>\$ 12,619,317</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
3,495	330	1,030	893	-	-
2,727,113	2,931,394	1,530,985	1,579,102	1,720,757	1,830,068
282,742	279,438	351,067	364,915	372,025	380,881
-	10,266,924	8,355,791	3,213,171	436,646	210,721
1,251,685	1,506,054	1,701,322	2,162,177	-	-
<u>598,290</u>	<u>419,239</u>	<u>748,666</u>	<u>928,678</u>	<u>1,207,089</u>	<u>788,234</u>
<u>\$ 4,863,325</u>	<u>\$ 15,403,379</u>	<u>\$ 12,688,861</u>	<u>\$ 8,248,936</u>	<u>\$ 3,736,517</u>	<u>\$ 3,209,904</u>

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

	<u>2009*</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<u>REVENUES</u>				
Taxes	\$ 8,115,759	\$ 10,045,969	\$ 10,527,601	\$ 10,963,810
Fines and Fees	580,709	528,495	408,919	385,970
Permits and Fees	258,750	421,730	443,903	323,162
Service Fees	415,268	725,494	557,962	500,795
Intergovernmental	1,118,038	204,883	198,987	378,691
Capital Contributions	-	-	-	-
Investment Earnings	137,002	57,975	51,499	33,704
Park Donations	156,713	-	-	-
Miscellaneous	98,183	161,612	162,504	25,165
Total Revenues	<u>10,880,422</u>	<u>12,146,158</u>	<u>12,351,375</u>	<u>12,611,297</u>
<u>EXPENDITURES</u>				
General Government	2,093,020	2,438,041	3,176,380	2,933,418
Public Safety	4,375,773	5,015,890	5,317,197	5,601,217
Public Works	1,422,997	1,657,466	1,758,536	1,847,754
Community Services	176,890	157,376	173,002	231,477
Debt Service				
Principal	920,000	950,000	990,000	1,070,000
Interest and Fiscal Charges	905,398	870,673	784,011	762,438
Capital Projects/Outlay	2,900,614	1,615,326	1,717,896	1,386,010
Total Expenditures	<u>12,794,692</u>	<u>12,704,772</u>	<u>13,917,022</u>	<u>13,832,314</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,914,270)</u>	<u>(558,614)</u>	<u>(1,565,647)</u>	<u>(1,221,017)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In	386,773	1,934,595	1,407,573	1,623,341
Transfers Out	(288,203)	(1,592,544)	(1,087,235)	(1,272,191)
Sale of Capital Assets	-	-	-	-
Payment to Escrow Agent	-	-	-	-
Bond Premium	-	-	-	-
Proceeds of Long-Term Financing	-	-	3,274	550,000
Total Other Financing Sources (Uses)	<u>98,570</u>	<u>342,051</u>	<u>323,612</u>	<u>901,150</u>
NET CHANGE IN FUND BALANCES	<u>\$ (1,815,700)</u>	<u>\$ (216,563)</u>	<u>\$ (1,242,035)</u>	<u>\$ (319,867)</u>
Debt Service as a Percentage of Noncapital Expenditures	18.17%	16.42%	14.54%	14.72%

Notes:

\*In 2009, 2017 and 2018 the Live Oak Economic Development Corporation (EDC) financial information was not included in the City's governmental activities due to being a discretely presented, as opposed to blended, component unit.

TABLE 4

2013	2014	2015	2016	2017*	2018*
\$ 11,261,773	\$ 11,886,271	\$ 13,939,465	\$ 14,572,639	\$ 12,939,413	\$ 13,217,790
439,717	507,975	470,667	466,763	446,246	580,805
324,816	260,592	329,905	220,009	248,451	341,623
284,374	124,020	126,610	134,278	140,784	133,876
473,950	121,648	213,157	162,500	1,172,844	1,165,176
-	-	-	-	270,000	-
58,912	37,346	69,873	119,548	158,707	215,721
-	-	-	-	-	-
42,780	89,284	76,125	84,658	134,192	95,655
<u>12,886,322</u>	<u>13,027,136</u>	<u>15,225,802</u>	<u>15,760,395</u>	<u>15,510,637</u>	<u>15,750,646</u>
2,682,625	3,039,743	5,696,385	8,094,497	5,576,329	3,783,937
5,570,275	5,599,405	6,055,839	5,898,901	6,129,095	6,452,232
1,824,433	1,689,321	1,792,428	1,833,522	1,870,241	2,020,134
168,400	194,147	178,235	201,719	233,257	239,247
1,115,000	1,155,000	1,550,000	1,625,000	1,675,000	1,725,000
705,915	934,229	791,505	782,038	731,618	677,093
431,970	499,420	1,123,191	831,073	682,087	1,112,806
<u>12,498,618</u>	<u>13,111,265</u>	<u>17,187,583</u>	<u>19,266,750</u>	<u>16,897,627</u>	<u>16,010,449</u>
<u>387,704</u>	<u>(84,129)</u>	<u>(1,961,781)</u>	<u>(3,506,355)</u>	<u>(1,386,990)</u>	<u>(259,803)</u>
1,888,552	1,534,275	2,048,548	1,893,100	890,383	910,101
(1,615,828)	(1,284,490)	(1,944,745)	(1,776,825)	(492,485)	(508,085)
1,628,272	-	68	-	-	-
-	(10,164,455)	-	-	-	-
-	1,538,966	-	-	-	-
-	19,515,000	-	-	-	-
<u>1,900,996</u>	<u>11,139,296</u>	<u>103,871</u>	<u>116,275</u>	<u>397,898</u>	<u>402,016</u>
<u>\$ 2,288,700</u>	<u>\$ 11,055,167</u>	<u>\$ (1,857,910)</u>	<u>\$ (3,390,080)</u>	<u>\$ (989,092)</u>	<u>\$ 142,213</u>
15.09%	14.43%	14.58%	13.06%	14.84%	16.12%

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>
2009*	3,015,749	4,119,873	717,274	77,701	185,162	8,115,759
2010	3,395,949	5,660,972	810,184	82,225	156,639	10,105,969
2011	3,583,711	5,883,522	812,003	81,905	166,460	10,527,601
2012	3,599,513	6,200,731	852,464	67,084	244,018	10,963,810
2013	3,758,211	6,265,374	818,781	74,078	345,329	11,261,773
2014	3,814,512	6,512,987	1,060,879	94,889	403,004	11,886,271
2015	4,808,043	7,413,737	1,179,497	101,768	436,420	13,939,465
2016	5,006,176	7,742,339	1,170,417	112,942	540,765	14,572,639
2017*	5,256,348	5,836,773	1,143,688	105,722	596,882	12,939,413
2018*	5,402,347	5,988,594	1,140,210	94,623	592,016	13,217,790

Notes:

\*In 2009, 2017 and 2018 the Live Oak Economic Development Corporation (EDC) financial information was not included in the City's governmental activities due to being a discretely presented, as opposed to blended, component unit.

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

BUSINESS CLASS	2017/18		2016/17		2015/16		2014/15	
	RANK	% OF TOTAL	RANK	% OF TOTAL	RANK	% OF TOTAL	RANK	% OF TOTAL
Home Centers	1	12.3	1	12.6	1	12.0	1	11.0
Radio, TV, & Other Elec	2	9.7	2	9.5	2	9.4	2	10.4
Full-Service Restaurant	3	8.0	3	8.3	3	8.5	4	8.4
Discount Dept Store	4	7.5	4	7.3	4	7.8	3	8.4
Limited-Service Rest	5	6.3	5	6.2	5	5.8	7	4.7
Furniture Stores	6	5.5	6	5.4	6	5.7	5	6.3
Wired Telecommunication	7	5.2	7	5.4	7	5.4	6	5.2
Department Stores	8	3.4	9	3.4	8	3.7	8	4.3
Other Retail	9	3.2	8	3.6	9	3.5	10	3.4
Health Care & Social	10	3.0	10	3.0	14	2.5	12	2.9
Jewelry Stores	11	2.6	11	2.8	10	3.3	9	3.6
Other Apparel Stores	12	2.5	12	2.5	12	2.6	14	2.5
Motion Picture Theaters	13	2.4	13	2.5	11	2.7	13	2.8
Other Elec & Appliances	14	2.3	14	2.3	13	2.6	11	3.2
New Car Dealers	15	2.1	15	2.2	15	2.1	16	1.7
Tire Dealers	16	1.8	16	1.9	16	1.9	15	2.0
Other Food Service	17	1.6	19	1.2	--	--	18	1.3
Construction	18	1.3	17	1.6	--	--	--	--
Automotive Repair/Maint	19	1.3	20	1.1	--	--	--	--
Outdoor Power Equipment	20	1.1	--	--	--	--	--	--
Elec Power Gen, Trans	--	--	18	1.2	18	1.2	20	1.1
Misc Store Retailer	--	--	--	--	17	1.2	--	--
Elec, Appl, Computer	--	--	--	--	19	1.0	19	1.2
Shoe Stores	--	--	--	--	20	1.0	--	--
Wholesalers Durable	--	--	--	--	--	--	17	1.3
Amusement, Gambling, Rec	--	--	--	--	--	--	--	--
Direct Selling Establis	--	--	--	--	--	--	--	--
Not Reported by State	--	--	--	--	--	--	--	--
Mining	--	--	--	--	--	--	--	--
Women's Clothing Stores	--	--	--	--	--	--	--	--

Source: Muniservices

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



**TABLE 6**

2013/14		2012/13		2011/12		2010/11		2009/10	
RANK	% OF TOTAL	RANK	% OF TOTAL	RANK	% OF TOTAL	RANK	% OF TOTAL	RANK	% OF TOTAL
2	10.9	2	11.3	2	10.7	2	10.7	2	10.7
1	11.2	1	12.2	1	12.4	1	12.4	1	13.2
4	8.2	4	8.8	4	9.2	4	10.2	4	10.1
3	9.1	3	9.8	3	10.0	3	10.3	3	10.6
7	5.1	6	5.5	6	5.2	6	4.3	8	3.5
16	1.7	19	1.1	15	1.3	15	1.8	15	2.0
6	5.1	7	4.3	7	4.3	7	4.2	6	5.0
5	5.1	5	6.0	5	6.3	5	6.5	5	6.6
9	3.5	8	3.8	8	4.0	8	3.9	11	3.1
11	3.0	13	2.6	13	2.3	13	2.7	12	2.8
8	3.7	9	3.7	10	3.3	11	3.2	13	2.6
12	2.9	12	3.1	12	3.1	12	3.1	10	3.1
10	3.2	10	3.6	9	3.5	9	3.6	7	4.1
13	2.1	--	--	--	--	--	--	--	--
15	2.0	11	3.2	11	3.3	10	3.3	9	3.4
14	2.0	14	2.1	14	2.0	14	1.9	16	1.8
--	--	--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--	--	--
--	--	17	1.2	18	1.2	18	1.1	18	1.2
--	--	--	--	--	--	--	--	--	--
19	1.2	16	1.3	17	1.2	16	1.4	17	1.3
--	--	--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--	--	--
18	1.3	--	--	--	--	--	--	--	--
17	1.4	15	1.5	16	1.2	17	1.2	--	--
20	1.2	20	1.0	20	1.0	20	1.0	--	--
--	--	18	1.1	19	1.1	19	1.1	20	1.0
--	--	--	--	--	--	--	--	14	2.1
--	--	--	--	--	--	--	--	19	1.0
--	--	--	--	--	--	--	--	--	--

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

TABLE 7

FISCAL YEAR ENDED SEPTEMBER 30,	TAXES LEVIED FOR THE FISCAL YEAR	COLLECTED WITHIN FISCAL YEAR OF LEVY		COLLECTIONS IN SUBSEQUENT YEARS	TOTAL COLLECTIONS TO DATE		PENALTIES AND INTEREST COLLECTED
		AMOUNT	% OF LEVY		AMOUNT	% OF LEVY	
2009	\$ 3,184,637	\$ 3,156,003	99.1%	\$ 24,217	\$ 3,180,220	99.9%	\$ 13,392
2010	3,602,995	3,564,494	98.9%	33,328	3,597,822	99.9%	16,203
2011	3,727,705	3,710,594	99.5%	12,725	3,723,319	99.9%	20,734
2012	3,823,938	3,799,510	99.4%	20,738	3,820,248	99.9%	11,762
2013	3,919,285	3,904,807	99.6%	10,357	3,915,164	99.9%	16,300
2014	4,053,449	3,978,852	98.2%	70,020	4,048,872	99.9%	10,352
2015	4,863,092	4,848,896	99.7%	8,048	4,856,944	99.9%	11,235
2016	5,069,178	4,990,227	98.4%	72,228	5,062,455	99.9%	13,076
2017	5,320,407	5,247,854	98.6%	64,598	5,312,452	99.9%	11,071
2018	5,510,833	5,422,439	98.4%	-	5,422,439	98.4%	15,734

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
2009	0.301238	0.103893	0.405131	1.4650	1.40290	0.135860	0.015951	0.289399	0.037467	0.261022
2010	0.350000	0.099369	0.449369	1.4630	1.40290	0.135855	0.015951	0.296187	0.030679	0.266235
2011	0.373790	0.102993	0.476783	1.4630	1.40290	0.141623	0.016652	0.296187	0.030679	0.276235
2012	0.378511	0.098780	0.477291	1.4250	1.42500	0.149150	0.017370	0.296187	0.030679	0.276235
2013	0.367903	0.095252	0.463155	1.4250	1.44060	0.149150	0.017798	0.296187	0.030679	0.276235
2014	0.356363	0.089041	0.445401	1.4250	1.44060	0.149150	0.017500	0.283821	0.030679	0.276235
2015	0.356363	0.153637	0.510000	1.4250	1.44060	0.149150	0.017500	0.283821	0.030679	0.276235
2016	0.330927	0.136764	0.467691	1.4200	1.41500	0.149150	0.017290	0.297500	0.017000	0.276235
2017	0.322620	0.124217	0.446837	1.4700	1.38500	0.149150	0.017290	0.293250	0.015700	0.293250
2018	0.324175	0.119300	0.443475	1.4250	1.36500	0.149150	0.017290	0.291229	0.012868	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</u> <u>YEAR</u> <u>ENDED</u> <u>SEPTEMBER 30,</u>	<u>TAXABLE</u> <u>VALUE</u> <u>JANUARY 1,</u>	<u>RESIDENTIAL</u> <u>PROPERTY</u>	<u>COMMERCIAL</u> <u>PROPERTY</u>	<u>LESS:</u> <u>TAX-EXEMPT</u> <u>PROPERTY</u>	<u>TOTAL TAXABLE</u> <u>ASSESSED</u> <u>VALUE</u>	<u>TOTAL</u> <u>DIRECT</u> <u>TAX RATE</u>	<u>ESTIMATED</u> <u>ACTUAL</u> <u>TAXABLE VALUE</u>
2009	2008	\$ 457,554,075	\$ 485,020,811	\$ 146,791,505	\$ 795,783,381	0.405131	\$ 942,574,886
2010	2009	452,807,042	518,243,548	151,480,897	819,569,693	0.449369	971,050,590
2011	2010	444,881,523	508,132,623	158,642,440	794,371,706	0.476783	953,014,146
2012	2011	462,465,883	510,152,136	159,775,982	812,842,037	0.477291	972,618,019
2013	2012	476,696,234	537,299,352	157,838,602	856,156,984	0.463155	1,013,995,586
2014	2013	499,621,822	574,309,145	158,629,313	915,301,654	0.445401	1,073,930,967
2015	2014	560,159,849	586,655,656	178,346,971	968,468,534	0.510000	1,146,815,505
2016	2015	618,580,846	682,811,268	193,678,796	1,107,713,318	0.467691	1,301,392,114
2017	2016	651,413,768	748,015,483	182,210,553	1,217,218,698	0.446837	1,399,429,251
2018	2017	705,864,315	772,575,189	202,211,523	1,273,444,951	0.443475	1,475,656,474

Source: Bexar Appraisal District.

CITY OF LIVE OAK, TEXAS  
PRINCIPAL PROPERTY TAXPAYERS  
SEPTEMBER 30, 2018  
(UNAUDITED)

TABLE 10

<u>TAXPAYER</u>	<u>2017 TAX ROLL</u>		<u>% OF TOTAL ASSESSSED VALUATION</u>
	<u>ASSESSSED VALUATION</u>	<u>RANK</u>	
Methodist Healthcare System S.A.	\$ 71,078,900	1	5.57%
Randolph Brooks Federal Credit Union	55,858,040	2	4.38%
GPIF Mira Loma Owner LLC	41,400,000	3	3.24%
Continental 136 Fund	34,350,000	4	2.69%
MCN Villas - SA LLC	32,250,000	5	2.53%
CFH Heritage LP	31,775,000	6	2.49%
S A Development Company LP	28,140,370	7	2.20%
CHM Live Oak LTD	14,973,970	8	1.17%
HD Development Prop LP	14,458,430	9	1.13%
Target Corporation	14,320,610	10	1.12%
	<u>\$ 338,605,320</u>		

Source: Bexar Appraisal District.

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

TABLE 11

FISCAL YEAR	GOVERNMENTAL ACTIVITIES			BUSINESS-TYPE ACTIVITIES		TOTAL PRIMARY GOVERNMENT	PERCENTAGE OF PERSONAL INCOME	*PER CAPITA
	GENERAL OBLIGATION BONDS	CERTIFICATES OF OBLIGATION	TAX NOTES	TAX NOTES				
2009	\$ 10,519,041	\$ 8,210,000	\$ -	\$ -	\$ 18,729,041	6.4%	\$ 1,390	
2010	10,003,807	7,745,000	-	-	17,748,807	5.9%	1,283	
2011	12,735,642	4,010,000	-	-	16,745,642	5.3%	1,255	
2012	11,944,203	3,795,000	470,000	485,000	16,694,203	5.2%	1,222	
2013	11,112,764	3,570,000	395,000	365,000	15,442,764	4.8%	1,144	
2014	23,876,889	765,000	320,000	245,000	25,206,889	7.3%	1,709	
2015	22,541,707	520,000	240,000	125,000	23,426,707	6.0%	1,550	
2016	21,141,525	265,000	160,000	-	21,566,525	5.6%	1,405	
2017	19,701,343	-	80,000	-	19,781,343	5.2%	1,256	
2018	17,946,161	-	-	-	17,946,161	4.7%	1,134	

Source: Live Oak Annual Budget and Bexar Appraisal District.

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

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

TABLE 12

FISCAL YEAR	GOVERNMENTAL ACTIVITIES			BUSINESS-TYPE ACTIVITIES		TOTAL PRIMARY GOVERNMENT	LESS PRINCIPAL*	NET DEBT OUTSTANDING	PERCENTAGE OF TAXABLE VALUE OF PROPERTY	*PER CAPITA
	GENERAL OBLIGATION BONDS	CERTIFICATES OF OBLIGATION	TAX NOTES	TAX NOTES						
2008	\$ 10,535,000	\$ 8,655,000	\$ -	\$ -	\$ 19,190,000		\$ 19,190,000	2.7%	\$ 1,535	
2009	10,519,041	8,210,000	-	-	18,729,041		18,729,041	2.4%	1,425	
2010	10,003,807	7,745,000	-	-	17,748,807	(233,045)	17,515,762	2.1%	1,297	
2011	12,735,642	4,010,000	-	-	16,745,642	(306,883)	16,438,759	2.1%	1,252	
2012	11,944,203	3,795,000	470,000	485,000	16,694,203	(271,763)	16,422,440	2.0%	1,221	
2013	11,112,764	3,570,000	395,000	365,000	15,442,764	(282,742)	15,160,022	1.8%	1,140	
2014	23,876,889	765,000	320,000	245,000	25,206,889	(279,438)	24,927,451	2.7%	1,690	
2015	22,541,707	520,000	240,000	125,000	23,426,707	(351,067)	23,075,640	2.4%	1,527	
2016	21,141,525	265,000	160,000	-	21,566,525	(364,915)	21,201,610	1.9%	1,382	
2017	19,701,343	-	80,000	-	19,781,343	(372,025)	19,409,318	1.6%	1,232	
2018	17,946,161	-	-	-	17,946,161	(380,881)	17,565,280	1.4%	1,110	

Source: Live Oak Annual Budget and Bexar Appraisal District.

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

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

ASSESSED VALUE	\$ <u>1,217,218,698</u>
*DEBT LIMIT (10% of ASSESSED VALUE)	\$ <u>121,721,870</u>
Outstanding Debt	\$ 17,946,161
Less: Amount Set Aside for Repayment of General Obligation Debt	<u>(380,881)</u>
Total Net Debt Applicable to Limit	<u>17,565,280</u>
 ECONOMIC DEBT MARGIN	 \$ <u>104,156,590</u>

	2009	2010	2011	FISCAL 2012
Debt Limit	\$ 79,578,338	\$ 81,956,969	\$ 79,437,171	\$ 81,284,204
Total Net Debt Applicable to Limit	<u>(18,044,640)</u>	<u>(17,086,955)</u>	<u>(16,178,117)</u>	<u>(16,178,237)</u>
 ECONOMIC DEBT MARGIN	 <u>\$ 61,533,698</u>	 <u>\$ 64,870,014</u>	 <u>\$ 63,259,054</u>	 <u>\$ 65,105,967</u>

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



TABLE 13

<u>YEAR</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
	\$ 85,615,698	\$ 91,530,165	\$ 96,846,853	\$ 110,771,332	\$ 121,721,870	\$ 121,721,870
	<u>(14,567,258)</u>	<u>(24,682,451)</u>	<u>(23,227,774)</u>	<u>(21,201,610)</u>	<u>(19,409,318)</u>	<u>(17,565,280)</u>
	<u>\$ 71,048,440</u>	<u>\$ 66,847,714</u>	<u>\$ 73,619,079</u>	<u>\$ 89,569,722</u>	<u>\$ 102,312,552</u>	<u>\$ 104,156,590</u>

CITY OF LIVE OAK, TEXAS  
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
SEPTEMBER 30, 2018  
(UNAUDITED)

TABLE 14

GOVERNMENTAL UNIT	DEBT OUTSTANDING	ESTIMATED PERCENTAGE APPLICABLE*	ESTIMATED SHARE OF OVERLAPPING DEBT
<i>Debt Repaid with Property Taxes:</i>			
Alamo CCD	\$ 479,445,000	0.87%	\$ 4,171,172
Bexar County	1,700,305,000	0.87%	14,792,654
Bexar County Hospital District	891,565,000	0.87%	7,756,616
Judson ISD	620,852,521	9.69%	60,160,609
North East ISD	1,358,550,000	1.01%	<u>13,721,355</u>
Subtotal - Overlapping Debt			\$ 100,602,406
City of Live Oak - Direct Debt			<u>17,946,161</u>
TOTAL DIRECT AND OVERLAPPING DEBT			<u>\$ 118,548,567</u>

Source: Municipal Advisory Council of Texas

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

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

TABLE 15

<u>YEAR</u>	<u>POPULATION</u>	<u>PERSONAL INCOME</u> <small>(expressed in 1,000's)</small>	<u>PER CAPITA PERSONAL INCOME</u>	<u>MEDIAN AGE</u>	<u>SCHOOL ENROLLMENT</u>	<u>UNEMPLOYMENT RATE</u>
2009	13,142	283,696	21,587	34.3	6,298	6.8%
2010	13,500	291,425	21,587	35.3	7,155	7.6%
2011	13,131	310,942	23,680	36.5	7,346	7.0%
2012	13,455	316,300	23,508	35.5	6,849	7.1%
2013	13,301	314,582	23,651	35.5	6,982	5.9%
2014	14,751	345,026	23,390	35.5	6,997	4.7%
2015	15,116	382,223	25,286	37.4	6,999	3.2%
2016	15,346	454,671	29,628	37.9	7,272	3.9%
2017	15,749	498,755	31,669	38.6	7,197	3.2%
2018	15,820	522,993	33,059	38.3	7,215	3.2%

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

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

TABLE 16

EMPLOYER	2018			2009		
	EMPLOYEES	RANK	PERCENTAGE OF TOTAL CITY EMPLOYMENT	EMPLOYEES	RANK	PERCENTAGE OF TOTAL CITY EMPLOYMENT
H-E-B	20,000	1	1.98%	14,852	1	2.05%
USAA	17,000	2	1.68%	14,588	2	2.01%
Cullen/Frost Bank	3,982	3	0.39%	4,190	4	0.58%
Bill Miller BBQ	3,540	4	0.35%	3,982	3	0.55%
Rackspace	3,300	5	0.33%	3,777	N/A	N/A
CPS Energy	3,022	6	0.30%	3,300	N/A	N/A
Toyota Motor Manufacturing	2,900	7	0.29%	3,100	N/A	N/A
Clear Channel Communications	2,800	8	0.28%	2,800	8	0.39%
Southwest Research Institute	2,715	9	0.27%	2,156	6	0.30%
Valero Energy	1,653	10	<u>0.16%</u>	2,000	5	0.28%
TOTALS	<u>60,912</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.

EMPLOYER	2018	
	EMPLOYEES	RANK
Randolph Brooks Federal Credit Union	1,169	1
NE Methodist Hospital	877	2
NE Lakeview College	470	3
Judson ISD	294	4
Jordan Ford	240	5
Target	180	6
Home Depot	165	7
Best Buy	150	8
World Car	130	9
City of Live Oak	<u>114</u>	10
	<u>3,789</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	2009	2010	2011	2012
<b>Police</b>				
Traffic Violations	3,302	3,268	4,562	4,367
Arrests	591	614	484	534
<b>Fire</b>				
Fire Calls	431	278	596	284
EMS Calls	914	1,102	1,041	1,197
Inspections	3,163	541	95	239
<b>Public Works</b>				
Street Resurfacing (Miles)	2.27	7.40	0.50	0.10
Sidewalk Construction (Feet)	14,092	8,290	5,423	2,890
<b>Water</b>				
Service Connections	2,597	2,537	2,611	2,689
Average Daily Consumption in Gallons				
Pumpage	997,801	998,507	1,076,258	1,042,873
Billing	989,686	999,608	1,090,771	1,029,259
Average	988,250	999,057	1,083,514	1,036,066
<b>Sewage</b>				
Service Connections	4,290	4,270	4,435	4,550
Average Daily Treatment of Gallons	1,284,610	837,573	1,245,783	1,134,022

Source: Various City Departments

TABLE 17

2013	2014	2015	2016	2017	2018
2,425	8,706	5,494	4,110	4,345	6,319
545	545	411	305	242	620
373	308	436	594	673	290
1,166	1,128	1,017	1,011	1,043	1,579
206	415	923	1,083	1,043	651
-	-	1.16	1.16	14.2	5.2
1,906	155	1,056	1,056	-	-
2,696	2,731	2,777	2,885	2,876	2,928
1,057,638	1,026,292	1,226,056	1,386,816	1,200,000	1,325,802
1,039,478	1,015,011	1,037,195	1,236,047	1,040,341	1,041,742
1,048,558	1,533,798	1,131,626	1,311,432	1,120,171	1,183,772
4,589	4,710	4,713	4,716	4,720	4,853
1,203,647	1,266,534	761,108	1,236,046	1,200,000	1,320,356

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

TABLE 18

<u>FUNCTION</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Officers (including reserves)	35	36	35	35	38	36	35	35	35	36
Fire										
Stations	1	1	1	1	1	1	1	1	1	1
Firefighters (including reserves)	20	22	23	22	22	22	22	22	22	21
Culture and Recreation										
Community Centers	1	1	1	1	1	1	1	1	1	1
Parks	3	3	3	3	3	3	3	3	3	3
Swimming Pools	1	1	1	1	1	1	1	1	1	1
Public Works										
Miles of Streets	45.20	45.20	45.20	45.20	45.20	45.00	45.00	45.47	45.47	45.47
Water										
Miles of Water Mains	30.0	30.0	30.0	35.0	35.0	35.0	35.0	35.0	55	55
Number of Hydrants	435	436	436	436	436	436	440	440	440	497
Sewer										
Miles of Sanitary Sewers	43	43	43	43	43	43	43	43	60	60
Feet of Storm Sewers	13,200	13,200	13,400	13,400	13,400	13,400	13,400	13,400	13,400	13,400

Source: Various City Departments



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

TABLE 19

<u>FUNCTION</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
General Government										
Business Office	11	9	11	12	10	9	9	9.3	9.3	9.3
Finance	4	4	5	5	5	4	4	6	6	6
Manager	3	3	3	3	1	1	1	1	1	1
Police										
Officers	31	32	32	32	32	32	32	32	32	32
Civilians	14	14	15	15	15	15	15	18	16	16
Fire										
Civilians	1	1	1.5	1.5	1.5	1.5	1.5	1	-	-
Firefighters and Officers	20	20	20	20	20	20	20	20	20	20
Public Works	11	12	12	11	10	11	11	7	7	7
Development	3	4	3.5	3.5	3.5	3.5	3.5	4	4	4
Parks	7	6	6	7	7	6	6	6	6	6
Water and Sewer	13	13	13	13	16	16	16	13	13	13
Civic Center	<u>3</u>	<u>3</u>	<u>3</u>	<u>3</u>	<u>3.5</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTALS	<u>121</u>	<u>121</u>	<u>120</u>	<u>124.5</u>	<u>124.5</u>	<u>119.0</u>	<u>119.0</u>	<u>117.3</u>	<u>114.3</u>	<u>114.3</u>

Source: City Annual Budget.

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## COMPLIANCE SECTION

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Live Oak, Texas, (the City) as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the City of Live Oak, Texas' basic financial statements, and have issued our report thereon dated February 12, 2019.

Internal Control Over Financial Reporting

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

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

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

#### Compliance and Other Matters

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

#### Purpose of this Report

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

ABIP, PC

San Antonio, Texas  
February 12, 2019