



Audited Financial Statements and Independent Auditors Report - Year Ended 9/30/2018



CITY OF LIVE OAK
 101 White Avenue S.E.
 Live Oak, Florida 32064

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORTS
CITY OF LIVE OAK, FLORIDA
SEPTEMBER 30, 2018**

CITY OF LIVE OAK, FLORIDA

CITY OFFICIALS

September 30, 2018

<u>Officials</u>	<u>Elected Term Expiration</u>
<u>Mayor</u>	
Frank C. Davis	June 2022
<u>City Council</u>	
Don Allen	June 2020
David Burch	June 2020
Robintina Reed	June 2022
Mark Stewart	June 2022
Bennie L. Thomas	June 2020
<u>City Clerk</u>	
John Gill	June 2022
<u>City Attorney</u>	
Frank Koberlein, Attorney at Law	
<u>City Administration</u>	
Ron E. Williams	City Manager
Joanne M. Luther	Director of Finance

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CITY OF LIVE OAK, FLORIDA

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INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and
Members of the Council
City of Live Oak
Live Oak, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Live Oak, Florida, (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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City'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 City'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.

Certified Public Accountants

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Laurel Ridge Professional Center • 2347 S.E. 17th Street • Ocala, Florida 34471 • (352) 732-3872
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1560 N. Orange Ave., Suite #450 • Winter Park, Florida 32789
MEMBERS OF AMERICAN AND FLORIDA INSTITUTES OF CERTIFIED PUBLIC ACCOUNTANTS
MEMBER OF AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS PRIVATE COMPANIES AND S.E.C. PRACTICE SECTIONS

The Honorable Mayor and
Members of the Council
City of Live Oak
Live Oak, Florida

INDEPENDENT AUDITORS' REPORT
(Continued)

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City 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 a Matter

As discussed in Note 1.E. of the financial statements, in 2018 the City adopted Governmental Accounting Standards Board 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 and required supplementary information, as listed in the table of contents, 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's basic financial statements. The combining and individual nonmajor fund financial statements on pages 77 through 78 and capital asset schedules on pages 80 through 82 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards and state financial assistance 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 statement themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards and state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.

The Honorable Mayor and
Members of the Council
City of Live Oak
Live Oak, Florida

INDEPENDENT AUDITORS' REPORT
(Concluded)

Other Matters (Concluded)

Other Information (Concluded)

The capital asset schedules on pages 80 through 82 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 May 7, 2019, on our consideration of the City's internal control over financial reporting and 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's internal control over financial reporting and compliance.


May 7, 2019
Tallahassee, Florida

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

The City of Live Oak's (the "City") discussion and analysis is to provide an introduction to the basic financial statements for the fiscal year ended September 30, 2018, with selected comparative information for the fiscal year ended September 30, 2017. This discussion has been prepared by management and should be read in conjunction with the basic financial statements, footnotes, and supplementary information found in this report. This information taken collectively is designed to provide readers with an understanding of the City's finances.

Financial Highlights

- The assets and deferred outflows of revenues of the City of Live Oak exceed its liabilities and deferred inflows resources at the close of fiscal year 2018 by \$58,271,279 (net position). Of this amount, \$3,819,433 (unrestricted net position) would have been available to meet the government's ongoing obligations to citizens and creditors. Requirements of GASB 68 ensure that all long-term debt is reflected in Net Position, therefore with the GASB 68 reporting the 2018 Unrestricted Net Position is (\$1,020,492).
- The City's total net position increased by \$1,095,667 or 1.9%. The governmental activities net position increased by \$1,397,224 including the current adjustment for GASB 68 long-term pension debt and the business-type net position decreased by \$(301,577) or .9% and (.069%) respectively. This year the business-type net position declined slightly.
- At the closing of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$7,033,037 an increase of \$1,252,951 in comparison with the prior year. At that time, \$1,501,715 is at the government's discretion (unreserved fund balance).

Overview of the Financial Statements

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

Government-Wide Financial Statements

The government-wide financial statements of the City provide a broad overview of the City's finances and report information about the City using accounting methods similar to those used by private sector companies.

The statement of Net Position includes all of the City's (1) assets and deferred outflows of resources, (2) liabilities and deferred inflows of resources, with the residual measure reported as *net position*. It also provides information about the nature and amounts of investments in resources (assets) and the obligations to City creditors (liabilities). The assets and liabilities are presented in a classified format, which distinguishes between current and long-term assets and liabilities. Net position, the difference between assets and liabilities, provide the basis for computing rate of return, evaluating the capital structure of the City, and assessing the liquidity and financial flexibility of the City. 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 measures the success of the City's operations over the past year and can be used to determine whether the City has successfully recovered all its costs through its services provided, as well as its profitability, and credit worthiness. 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 the statement for some items that will only result in cash flows in future periods.

The government-wide 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 user fees and charges (business-type activities). Governmental activities include general government, public safety, economic environment, physical environment, transportation, culture and recreation. Business-type activities include water and gas utilities, sewer, stormwater, and the refuse collection and disposal system. The government-wide financial statements can be found on page 15 of this report.

MANAGEMENT'S DISCUSSION AND ANALYSIS *(Continued)*

Fund Financial Statements

Governmental Funds - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, these funds focus on near-term inflows and outflows of spendable resources as well as on balances of spendable resources available at the end of the fiscal year. As a result of this difference in focus, reconciliation is provided between the fund and government-wide statements in order to better understand the long-term impact of short-term financing decisions.

The City maintains six individual governmental funds. Information is presented separately for the general fund and capital projects fund and both are considered major funds. Data for the other governmental funds are aggregated into a single presentation. Individual fund data for these other non-major funds is provided in the form of combining statements elsewhere in this report. The basic governmental fund financial statements can be found on pages 16 to 19 of this report.

Proprietary Funds - The City maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. These funds account for the operations of providing water and sewer, gas, stormwater, and refuse collection and disposal. The basic proprietary fund financial statements can be found on pages 20 to 21 of this report.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside of the government and, consequently, are not reflected in the government-wide statements because the resources are not available to support the City's own programs. The accounting for fiduciary funds is much like that of proprietary funds. The basic fiduciary fund statements can be found on pages 24 to 25 of this report.

Notes to the 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 beginning on page 27 of this report.

Other information - The City adopts an annual appropriated budget for its general fund and capital projects fund. A budgetary comparison schedule has been provided as required supplementary information for the general and capital project funds to demonstrate compliance with this budget. This information can be found beginning on page 67.

The combining statements referred to earlier in connection with non-major governmental funds can be found beginning on page 77 of this report.

Infrastructure Assets

Historically, a government's largest group of assets (infrastructure – roads, traffic signals, underground pipes, etc.) have not been reported nor depreciated in governmental financial statements. The Governmental Accounting Standards Board Statement #34 requires that these assets be valued and reported within the Governmental columns of the Government-wide Statements. Additionally, the government must elect to either (a) depreciate these assets over their estimated useful life or (b) develop a system of assets management designed to maintain the service delivery potential to near perpetuity. If the government develops the asset management system (the alternative method), which periodically (at least every third year), by category, measures and demonstrates its maintenance of locally established condition levels, the government may record all expenditures incurred (except for additions and improvements which extend the asset life) in lieu of depreciation. The City has elected to implement the depreciation method.

MANAGEMENT’S DISCUSSION AND ANALYSIS
(Continued)

Government-Wide Financial Analysis

Our analysis of the government-wide financial statements of the City begins below. One of the most important questions asked about the city’s finances is, “Is the City as a whole better or worse off as a result of the year’s activities?” The Summary of Net Position and the Summary of Activities report information about the City’s activities in a way that will help answer this question. These two summaries report the net position of the City and changes in them. You can think of the City’s net position – the difference between assets and liabilities – as one way to measure the financial health of financial position. Over time, increase or decreases in the City’s net position are one indicator of whether its financial health is improving or deteriorating. However, you will need to consider other non-financial factors such as changes in economic conditions, regulations and new or changed governmental legislation.

Summary of Net Position

The Statement of Net Position presents the financial position of the City at the end of the fiscal year. The statement includes all assets and liabilities of the City. Net position is the difference between total assets and total liabilities and is an indicator of the current fiscal health of the City. The following is a summarized comparison of the City’s assets, liabilities, and net position at September 30:

Condensed Statement of Net Position

	Governmental Activities		Business-Type Activities		Totals		Total %
	2018	2017	2018	2017	2018	2017	Change 2017-2018
Current and other assets	7,475,166	6,119,507	2,672,865	2,820,753	10,148,031	8,940,260	13.5%
Capital assets	11,830,335	11,373,177	56,374,807	57,387,995	68,205,142	68,761,172	-0.8%
Total assets	19,305,501	17,492,684	59,047,672	60,208,748	78,353,173	77,701,432	0.8%
Total Deferred Outflows	2,027,711	1,972,003	-	-	2,027,711	1,972,003	2.8%
Current liabilities	442,129	339,421	1,980,232	1,905,720	2,422,361	2,245,141	7.9%
Noncurrent liabilities	5,478,047	5,116,773	13,643,344	14,577,375	19,121,391	19,694,148	-2.9%
Total liabilities	5,920,176	5,456,194	15,623,576	16,483,095	21,543,752	21,939,289	-1.8%
Total Deferred Inflows	565,853	353,894	-	-	565,853	353,894	59.9%
Net Position							
Net Investments in capital assets	11,830,335	11,373,177	41,538,963	41,712,122	53,369,298	53,085,299	0.5%
Restricted for debt service	-	-	286,856	286,856	286,856	286,856	0.0%
Restricted	5,339,809	4,843,577	295,808	289,390	5,635,617	5,132,967	9.8%
Unrestricted	(2,322,961)	(2,562,155)	1,302,469	1,437,285	(1,020,492)	(1,124,870)	9.3%
Total Net Position	14,847,183	13,654,599	43,424,096	43,725,653	58,271,279	57,380,252	1.6%

The majority of the City’s net position, 91.54% and 92.51% at September 30, 2018 and 2017 respectively, represent its investment in capital assets (land, buildings, wastewater treatment plant, machinery and equipment), less the related indebtedness outstanding used to acquire those capital assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Since the City’s investment in its capital assets is reported net of related debt, it should be noted that the resources required to repay this debt must be provided annually from operations, since it is unlikely that the capital assets themselves will be liquidated to pay the liabilities.

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

Summary of Net Position (continued)

Restricted net position are proceeds of certain revenue note obligations, as well as certain resources restricted for their repayment, which are set aside in the government-wide financial statements. Their use is limited by applicable legal indentures imposed by applicable bond covenants and other legal indentures. Net position restricted for debt service and capital acquisitions represent 10.2% and 9.4% of net position at September 30, 2018 and 2017 respectively.

The changes in net position displayed below shows the governmental and business-type activities during the fiscal year.

	Governmental Activities		Business-Type Activities		Totals		Total % Change 2017-2018
	2018	2017	2018	2017	2018	2017	
<u>Revenues</u>							
Program revenue							
Charges for services	347,724	335,955	7,422,882	7,340,551	7,770,606	7,676,506	1.23%
Capital Grants/Contri.	606,881	2,052,811	203,220	12,690	810,101	2,065,501	-60.78%
Operating Grants/Contri	202,863	245,962	-	-	202,863	245,962	-17.52%
General revenue							
Taxes	5,494,613	5,168,163	209,618	194,791	5,704,231	5,362,954	6.36%
Intergovernmental	317,765	312,808	-	-	317,765	312,808	1.58%
Investment earnings	32,090	16,221	5,339	3,544	37,429	19,765	89.37%
Miscellaneous	116,550	133,092	12,381	24,114	128,931	157,206	-17.99%
	<u>7,118,486</u>	<u>8,265,012</u>	<u>7,853,440</u>	<u>7,575,690</u>	<u>14,971,926</u>	<u>15,840,702</u>	<u>-5.5%</u>
<u>Expenses</u>							
General government	2,092,385	1,827,415	-	-	2,092,385	1,827,415	14.50%
Public safety	3,201,991	3,080,964	-	-	3,201,991	3,080,964	3.93%
Transportation	1,524,968	1,600,861	-	-	1,524,968	1,600,861	-4.74%
Physical environment	342,573	410,650	-	-	342,573	410,650	-16.58%
Human services	29,750	29,750	-	-	29,750	29,750	0.00%
Economic Environment	215,696	294,274	-	-	215,696	294,274	-26.70%
Culture/recreation	208,446	179,182	-	-	208,446	179,182	16.33%
Water, sewer, stormwater, gas, and sanitation	-	-	6,180,562	5,876,591	6,180,562	5,876,591	5.17%
	<u>7,615,809</u>	<u>7,423,096</u>	<u>6,180,562</u>	<u>5,876,591</u>	<u>13,796,371</u>	<u>13,299,687</u>	<u>3.7%</u>
Changes in net position							
before transfers	(497,323)	841,916	1,672,878	1,699,099	1,175,555	2,541,015	-53.74%
Other non-operating	-	-	(79,888)	-	(79,888)	-	0
Interfund Services							
Provided (Used)	1,894,547	1,591,042	(1,894,547)	(1,591,042)	-	-	-
Change in net position	<u>1,397,224</u>	<u>2,432,958</u>	<u>(301,557)</u>	<u>108,057</u>	<u>1,095,667</u>	<u>2,541,015</u>	<u>56.88%</u>
Net position - beginning *	<u>13,449,959</u>	<u>11,221,641</u>	<u>43,725,653</u>	<u>43,617,596</u>	<u>57,175,612</u>	<u>54,839,237</u>	<u>4.26%</u>
Net position - ending	<u><u>14,847,183</u></u>	<u><u>13,654,599</u></u>	<u><u>43,424,096</u></u>	<u><u>43,725,653</u></u>	<u><u>58,271,279</u></u>	<u><u>57,380,252</u></u>	<u><u>1.6%</u></u>

The City's total revenue decreased by (5.5%) or (868,776). This was due to less Capital grant improvements. The total cost of all programs increased 3.7% or \$496,684.

*Beginning net position has been restated in the governmental activities for the implementation of GASB Statement No. 75

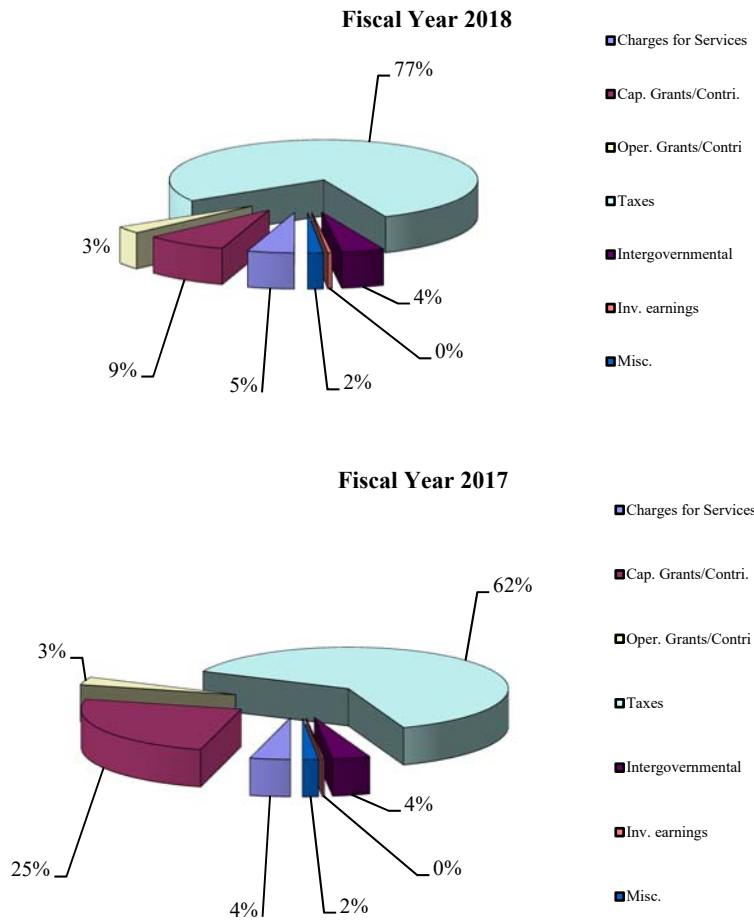
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Governmental Activities

The cost of all governmental activities this year was \$7.6 million compared to \$7.4 million last year. However, as shown in the Statement of Activities on page 16, the amount the City's taxpayers ultimately paid for these activities through City and State taxes was \$4.7 million with the remaining amount being paid by Capital Grants, and Contributions and other sources. Overall, the City's governmental program revenues decreased in fiscal year 2018 from \$2,634,748 to \$1,157,466 due to a decrease in Operating and Capital Grants and Contributions.

Below is a comparison of the composition of fiscal year 2017 and 2018 governmental funds revenues and expenses:

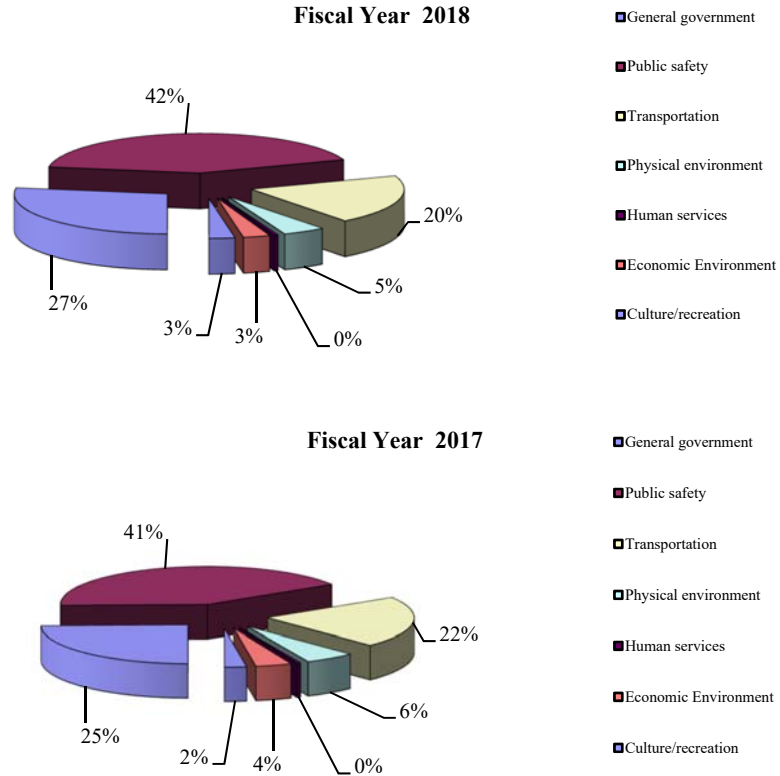
Revenue Comparison by Source



**MANAGEMENT’S DISCUSSION AND ANALYSIS
(Continued)**

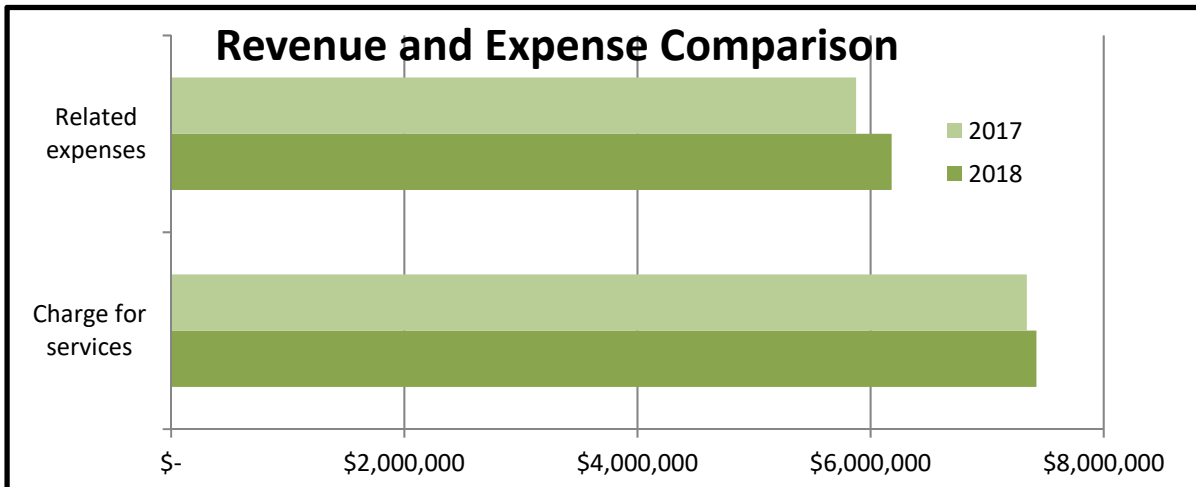
Governmental Activities (continued)

Expenditure Comparison by Source



Business-type Activities

Charges for the services of 2018 of the City’s business-type activities increased 1% or \$88,331 over fiscal year 2017 and operating expenses increased by 5% or \$303,971 from the prior year. The increase expense is attributed raising several lift station power panels, and changes to the start systems to help them function better during bad weather. The he following is a graphic comparison of revenue and expenses of the City’s buisness type activities.



MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

Capital Assets

At the end of 2018 the City had \$68,205,144 invested in a broad range of capital assets, including land, police and public works equipment, buildings, park facilities, water and sewer facilities, sanitation equipment, gas improvements and equipment, and stormwater drainage structures. This is an overall net increase of (\$556,028) in capital assets which is reflected in a governmental activities increase of \$471,158 or 4% and a decrease of \$(1,013,188) or (2)% for business-type activities. The following table illustrates the changes in capital assets (see pages 46 and 47 in the notes to the financial statements for detailed changes in capital assets).

	Governmental Activities		Business-type Activities		Totals	
	2018	2017	2018	2017	2018	2017
Capital Assets:						
Land	\$ 1,819,051	\$ 1,709,038	\$ 1,602,184	\$ 1,602,184	\$ 3,421,235	\$ 3,311,222
Buildings and improvements	5,792,635	5,600,225	70,480,913	70,480,913	76,273,548	76,081,138
Machinery and equipment	4,552,381	4,472,909	2,764,052	2,449,204	7,316,433	6,922,113
Infrastructure	6,516,197	6,516,197	-	-	6,516,197	6,516,197
Construction work in progress	648,289	121,151	114,179	30,500	762,468	151,651
Subtotal	\$ 19,328,553	\$ 18,419,520	\$ 74,961,328	\$ 74,562,801	\$ 94,289,881	\$ 92,982,321
Less Accumulated Depreciation	(7,498,218)	(7,047,343)	(18,586,521)	(17,174,806)	(26,084,739)	(24,222,149)
Capital Assets, Net	\$ 11,830,335	\$ 11,372,177	\$ 56,374,807	\$ 57,387,995	\$ 68,205,142	\$ 68,760,172

The City's capital budget for fiscal year 2019 calls for approximately \$7,820,000 in capital projects. This is partially comprised of \$600,000 for Water line improvements, \$1,645,000 for Street improvements, \$4,103,000 Sewer projects, \$360,000 for Stormwater improvements, \$650,000 for Gas expansion and 650,000 for park improvements. The Sewer projects include two Septic to Sewer projects in the amount of \$3,015,000 that had been recommended by SRWMD to DEP but funding has not been approved at this time.

Debt

At September 30, 2018 the City had \$14,577,374 in notes payable. This is a decrease over fiscal year 2017 of (\$1,0198,499.). This balance represents the City's participation in the State Revolving Loan Fund (SRLF) program, for required improvements at the Sewage Treatment Plant, Sanitary Sewer Rehab and Drinking Water Well field's upgrade and Stormwater projects. This balance is detailed in Note 11 Long-term Debt on page 50.

	Business-type Activities	
	2018	2017
Note Payable-DEP	\$ 14,577,374	\$ 15,675,873

The State of Florida, by constitution, does not have a state personal income tax and therefore the State operates primarily using sales, gasoline and corporate income taxes. Local governments (cities, counties, and school boards) primarily rely on property taxes and a limited array of permitted other taxes (sales, gasoline, and utilities) and fees (franchise, occupational license) for their governmental activities. For the business-type and certain governmental activities (utility services, construction services and recreational programs) the user pays a related fee or charge associated with the service.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

The economy nation-wide remains a major impact in the growth and development inside the City limits and adjacent County zoned land. Job creation has been a goal of the City for many years and to this end, we have been working with the Federal and State governments on how to meet this goal. However, the City continues to explore the most viable alternatives for both grant opportunities and municipal debt to address slow growth and development, as well as how to capture any associated revenue opportunities. The City is continuing to work with the Federal Government, State of Florida, North Central Florida Planning Council, Florida Department of Transportation, Suwannee County, Suwannee River Water Management District, City's consulting engineers, and private developers to address grant opportunities.

Public Works Department

Streets- The Miller Road repaving and widening project was substantially completed the paving project will complement the 2017 Ichucknee Road project. The total cost of the Miller Road repaving was \$274,171. The \$750,000 CDBG funded paving and repaving project has been extended to maximize funding to include paving of Woods Avenue and alternate project road.

Wastewater System- The City continues to apply reuse to the aquifer recharge system at Camp Weed east of the City at a rate of approximately 450,000 gallons per day. The City the construction of a reuse supply line to enable the Suwannee County Golf course to irrigate their course with reuse water and greatly reduce the withdrawal of potable well water. The SRWMD's Rivers program funding the majority of this project with a grant to the City of \$119,520.

Emergency Preparedness- The City continues to make improvements to increase their ability to be better prepared as emergency weather issues may occur. A generator was installed at City Hall, backup generators were connected to the water supply tanks, several lift station control panels were raised and electrical improvements continue to be addressed as funding is available.

Fire Department- The Fire Department continues to provide outstanding services and dedicate to the citizens of Live Oak. Highlights for 2018 include:

- **Insurance Services Office (ISO) Rating** – The Fire department has maintained the ISO rating of 3. The Insurance Service Office is an independent company that serves insurance companies, communities, fire departments, insurance regulators and others by providing information about risk. Currently the ISO rating for the City of Live Oak is Protection Class III, thus placing our fire department in the top 2 percent of the 49,010 fire services nationally. The City of Live Oak began with an ISO Protection Class of VIII in 1958, followed by a Protection Class VII in 1967, Protection Class VI in 1992, Protection Class V in 2004, Protection Class IV in 2007 and the current Protection Class of III in 2015. The ISO's 26 pages analysis of the LOFD covers our emergency reporting, telecommunications, dispatch protocols, engine companies, reserve pumpers, pumping capacities, ladder/service companies, deployment protocols, company personnel, training, operational considerations, community risk reductions, water supply, hydrant size, type and installation, inspections of hydrant, pump testing, fit testing, ladder testing, scuba testing, pre-fire planning of commercial structures, fire prevention program and Life Safety inspections on various business inside the City of Live Oak. Also, all testing/inspection requirements stated herein are conducted annually by the LOFD and verified by ISO every 5 years to maintain current and satisfactory reporting.
- **Awards and Recognition** – The Live Oak Fire Department continues to be annually recognized as an ISO Class III Fire Service, thus the only Class III fire department in Florida based upon population served. Also, the LOFD recertified its employee EMTs with 100% pass rate.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Police Department- The Live Oak Police Department continues to be one of the top quality law enforcement agencies in the 3rd Circuit. Community Oriented Policing is still the main component of our agency to continue to try to build positive community relationships and be active in the community. The Live Oak Police Department takes a proactive approach in solving crimes and is involved in local organizations to network to insure that the latest technology and other crime-solving tactics are at our disposal. The Live Oak Police Department continues to train using PoliceOne.com, to make sure that each officer is properly trained and the FDLE requirements are met for each individual officer. The L.O.P.D, continues to hold the teen academy, and other community events to give back and show support for our community.

In 2018 and 2019 the L.O.P.D received 2 grants to enable traffic enforcement details without interrupting calls for service. The one objective is for occupant protection and the other grant is for aggressive driving and speed. The Live Oak Police Department has also implemented Project Lifesaver and was essential in passing of Leo's Law which was just recently enacted. This program allows for GPS tracking abilities to those with Autism and other developmental delays in the event of wandering. The LOPD has 15 GPS units assigned currently.

Community projects- Two \$50,000 FRDAP grants were received through the State of Florida for Live Oak's Hale Park, and one \$50,000 FRDAP grant for a phase II improvements to Heritage Park and Gardens. Park improvements are overseen by the Suwannee Parks & Recreation and were partially completed at year end 2017 but fully completed 9/30/2018.

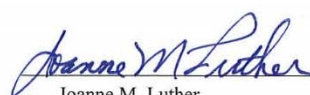
Future Projects

- Capital Improvement Programs include paving/repaving roads and streets. FDOT SCOP funding will be awarded fall of 2019 for Winderweeple repaving project.
- Economic growth is expected to continue at the 129N/I10 interchange, to accommodate this growth plans are being considered to expand lift station and sewer flow in that area.
- FDOT has awarded funding for Rail-to-Trail continued improvement. This funding has been awarded to Suwannee County to be implemented through the Suwannee Parks & Recreation Department utilizing their LAP certification and will extend the Trail south from Helvenston Street toward the southern city limits. The construction should begin in 2019.
- State of Florida Department of Transportation will be awarding the City Transportation Alternative Funds for Drainage Well replacement. Over 2,000,000 Is earmarked to be awarded over the next 4 years to enable the City to replace many of the 45 wells in the City of Live Oak. Following Tropical Storm Debbie an extensive Storm Water Master Plan was formulated by SRWMD, City engineers, and the Army Corps of Engineers.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or request for additional information should be addressed to the Finance Director, 101 SE White Ave., Live Oak, Florida 32064.


Ron E. Williams
City Manager


Joanne M. Luther
Finance Director



CITY OF LIVE OAK, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2018

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and Cash Equivalents	\$ 6,407,949	\$ 299,075	\$ 6,707,024
Receivables, Net of Allowance for Uncollectible Accounts	199,927	750,763	950,690
Due from Other Governments	704,213	230,907	935,120
Prepaid Items	163,077	215,482	378,559
Noncurrent Restricted Cash	-	1,176,638	1,176,638
Capital Assets:			
Land, Improvements, and Construction in Progress	2,467,340	1,716,363	4,183,703
Other Capital Assets, Net of Depreciation	9,362,995	54,658,444	64,021,439
Total Assets	19,305,501	\$ 59,047,672	78,353,173
Total Deferred Outflows of Resources	2,027,711		2,027,711
Liabilities:			
Accounts Payable and Other Accrued Liabilities	359,595	133,769	493,364
Unearned Revenue	82,534	-	82,534
Restricted Fund Liabilities:			
Customer Deposits	-	593,974	593,974
Bonds, Notes, and Other Payables:			
Accrued Interest Payable	-	59,989	59,989
Due or payable Within One Year	-	1,192,500	1,192,500
Due or Payable in More Than One Year	-	13,643,344	13,643,344
Compensated Absences	245,065	-	245,065
Net Pension Liability	4,839,925	-	4,839,925
OPEB Liability	393,057	-	393,057
Total Liabilities	5,920,176	15,623,576	21,543,752
Total Deferred Inflows of Resources	565,853		565,853
Net Position			
Net Investment in Capital Assets	11,830,335	41,538,963	53,369,298
Restricted for:			
Law Enforcement	2,673	-	2,673
Community Redevelopment	693,098	-	693,098
Capital Improvements	3,884,664	295,808	4,180,472
Road Improvements	759,374	-	759,374
Debt Service	-	286,856	286,856
Unrestricted	(2,322,961)	1,302,469	(1,020,492)
Total Net Position	14,847,183	43,424,096	58,271,279

The notes to the financial statements are an integral part of this statement.

CITY OF LIVE OAK, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Program Revenue				Net (Expense) Revenue and Changes in Net		
	Expenses	Operating		Capital	Position		
		Charges for Services	Grants and Contributions	Grants and Contributions	Governmental Activities	Business-type Activities	Total
Government Activities							
General Government	\$ 2,092,385	\$ 113,910	\$ 13,370	\$ -	\$ (1,965,105)	\$ -	\$ (1,965,105)
Public Safety	3,201,991	94,276	40,193	-	(3,067,522)	-	(3,067,522)
Transportation	1,524,968	139,538	-	486,995	(898,435)	-	(898,435)
Physical Environment	342,573	-	-	-	(342,573)	-	(342,573)
Human Services/Health	29,750	-	-	-	(29,750)	-	(29,750)
Economic Environment	215,696	-	149,300	-	(66,396)	-	(66,396)
Culture/Recreation	208,446	-	-	119,886	(88,560)	-	(88,560)
Activities	\$ 7,615,809	\$ 347,724	\$ 202,863	\$ 606,881	(6,458,341)	-	(6,458,341)
Business-type Activities							
Water and Sewer Utility	4,350,479	5,093,620	-	119,520	-	862,661	862,661
Stormwater	127,293	119,770	-	-	-	(7,523)	(7,523)
Gas Utility	728,928	924,691	-	-	-	195,763	195,763
Sanitation	973,862	1,284,801	-	83,700	-	394,639	394,639
Total Business-type	\$ 6,180,562	\$ 7,422,882	\$ -	\$ 203,220	-	1,445,540	1,445,540
Total Governmental and Business-type Activities	\$ 13,796,371	\$ 7,770,606	\$ 202,863	\$ 810,101	(6,458,341)	1,445,540	(5,012,801)
General Revenues and Transfers							
Property Taxes, Levied for General Purposes					2,079,635	-	2,079,635
Property Taxes, Levied for Tax Increment District					242,170	-	242,170
Fire Assessment Fee					381,036	-	381,036
Sales Taxes					998,689	-	998,689
Local Option Gas Tax					399,402	-	399,402
Franchise Taxes					718,219	-	718,219
Utility Taxes					675,462	209,618	885,080
State Revenue Sharing					228,729	-	228,729
Other Intergovernmental Revenues					89,036	-	89,036
Investment Earnings					32,090	5,339	37,429
Gain on Disposal of Fixed Assets					5,038	(79,888)	(74,850)
Rental Space					50,883	-	50,883
Miscellaneous Revenue					60,629	12,381	73,010
Transfers					1,894,547	(1,894,547)	-
Total General Revenues and Transfers					7,855,565	(1,747,097)	6,108,468
Changes in Net Position					1,397,224	(301,557)	1,095,667
Net Position, Beginning of Year, as Restated					13,449,959	43,725,653	57,175,612
Net Position, Ending of Year					\$ 14,847,183	\$ 43,424,096	\$ 58,271,279

The notes to the financial statements are an integral part of this statement.

**CITY OF LIVE OAK, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2018**

	General	Capital Projects Fund	Community Redevelop- ment Tax	Non-major Funds	Total
Assets					
Cash and Cash Equivalents	\$ 1,166,182	\$ 4,533,948	\$ 705,146	\$ 2,673	\$ 6,407,949
Accounts Receivable, Net	193,835	-	6,092	-	199,927
Due from Other Funds/Internal Balance	413,037	-	-	-	413,037
Due from Other Governments	80,086	110,090	-	514,037	704,213
Prepaid Items	162,577	-	500	-	163,077
Total Assets	\$ 2,015,717	\$ 4,644,038	\$ 711,738	\$ 516,710	\$ 7,888,203
Liabilities					
Accounts Payable and Other Current Liabilities	\$ 240,455	\$ -	\$ 761	\$ 118,379	\$ 359,595
Due to Other Funds/Internal Balance	-	-	17,379	395,658	413,037
Unearned Revenue	82,534	-	-	-	82,534
Total Liabilities	322,989	-	18,140	514,037	855,166
Fund Balances					
Nonspendable:					
Prepaid Items	162,577	-	500	-	163,077
Restricted for:					
Law Enforcement	-	-	-	2,673	2,673
Community Redevelopment	-	-	693,098	-	693,098
Capital Improvements	-	3,884,664	-	-	3,884,664
Road Improvements	-	759,374	-	-	759,374
Committed:					
Annual Leave Reserve	28,436	-	-	-	28,436
Unassigned, Reported in:					
General fund	1,501,715	-	-	-	1,501,715
Total Fund Balances	1,692,728	4,644,038	693,598	2,673	7,033,037
Total Liabilities and Fund Balances	\$ 2,015,717	\$ 4,644,038	\$ 711,738	\$ 516,710	\$ 7,888,203

The notes to the financial statements are an integral part of this statement.

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

Total Fund Balances of Governmental Funds	\$ 7,033,037
 Accounts 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.	11,830,335
Deferred outflows and inflows of resources used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
Deferred Outflows of Resources	2,027,711
Deferred Inflows of Resources	(565,853)
Net pension liability does not require the use of current financial resources and, therefore, is not reported as a liability in governmental funds.	(4,839,925)
 Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. These liabilities and other bond related deferred charges consist of:	
Compensated Absences	(245,065)
Other Post Employment Benefit Liability	(393,057)
Net Position of Governmental Activities	\$ 14,847,183

The notes to the financial statements are an integral part of this statement.

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

	General	Capital Projects Funds	Community Redevelopment Tax	Nonmajor Funds	Total
Revenues					
Taxes	\$ 3,832,463	\$ 1,075,478	\$ 242,170	\$ -	\$ 5,150,111
Licenses and Permits	168,906	-	-	-	168,906
Intergovernmental	824,937	-	-	647,074	1,472,011
Charges for Services	152,575	-	-	-	152,575
Fines and Forfeitures	24,722	-	-	1,521	26,243
Tower Rental	50,883	-	-	-	50,883
Interest	2,300	24,811	4,978	1	32,090
Miscellaneous	65,670	-	-	-	65,670
Total Revenue	5,122,456	1,100,289	247,148	648,596	7,118,489
Expenditures					
General Government	1,657,266	-	380,234	-	2,037,500
Public Safety	2,911,084	-	-	47,202	2,958,286
Transportation	1,484,973	-	-	483,233	1,968,206
Physical Environment	224,087	-	1,696	-	225,783
Human Services	29,750	-	-	-	29,750
Economic Environment	159,145	-	56,551	-	215,696
Culture/Recreation	204,978	-	-	119,886	324,864
Total Expenditures	6,671,283	-	438,481	650,321	7,760,085
(Deficiency) Excess of Revenue (Under) Over Expenditures	(1,548,827)	1,100,289	(191,333)	(1,725)	(641,596)
Other Financing Sources (Uses):					
Transfers in	2,554,291	-	239,834	23,132	2,817,257
Transfers out	(239,834)	(655,982)	-	(26,894)	(922,710)
Total Other Financing Sources (Uses)	2,314,457	(655,982)	239,834	(3,762)	1,894,547
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	765,630	444,307	48,501	(5,487)	1,252,951
Fund Balances, Beginning of Year	927,098	4,199,731	645,097	8,160	5,780,086
Fund Balances, End of Year	\$1,692,728	\$ 4,644,038	\$ 693,598	\$ 2,673	\$ 7,033,037

The notes to the financial statements are an integral part of this statement.

CITY OF LIVE OAK, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO
THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2018

Net Change in Fund Balances - Total Governmental Funds \$ 1,252,951

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is depreciated over their estimated useful lives. This is the amount by which capital outlays exceeded depreciation expenses for

Capital Outlay Expenditures	\$ 1,032,319	
Contributions of Capital Assets	90,330	
Capital Asset Disposals and Transfers	(12,334)	
Depreciation Expense	<u>(653,157)</u>	457,158

The changes in net pension liability and pension related deferred outflows and inflows result in an adjustment to pension expense in the statement of activities, but not in the governmental fund statements (295,521)

Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. This adjustment is for the following items:

Change in Compensated Absences Liabilities		(26,601)
Change in OPEB Liability		<u>9,237</u>

Change in Net Position of Governmental Activities \$ 1,397,224

The notes to the financial statements are an integral part of this statement.

CITY OF LIVE OAK, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Business-Type Activities-Enterprise Funds				
	Water and Sewer Fund	Stormwater Fund	Gas Fund	Sanitation Fund	Total
Assets					
Current Assets:					
Cash and Cash Equivalents	\$ 30,135	\$ 71,027	\$ 157	\$ 197,756	\$ 299,075
Accounts Receivables, Net	498,604	9,400	99,403	143,356	750,763
Due from Other Governments	230,907	-	-	-	230,907
Other Current Assets	152,280	3,472	21,025	38,705	215,482
Total Current Assets	911,926	83,899	120,585	379,817	1,496,227
Property and Equipment					
Land	1,578,657	22,927	600	-	1,602,184
Building and Improvements	68,423,304	1,433,057	624,552	-	70,480,913
Machinery and Equipment	1,013,677	88,348	269,637	1,392,390	2,764,052
Total Property and Equipment	71,015,638	1,544,332	894,789	1,392,390	74,847,149
Less Accumulated Depreciation	(16,543,893)	(465,763)	(805,064)	(771,801)	(18,586,521)
Construction Work in Progress	-	41,644	72,535	-	114,179
Net Property and Equipment	54,471,745	1,120,213	162,260	620,589	56,374,807
Noncurrent Restricted Cash	875,519	19,103	148,137	133,879	1,176,638
Total Assets	56,259,190	1,223,215	430,982	1,134,285	59,047,672
Liabilities					
Current Liabilities:					
Accounts Payable	48,420	-	29,039	56,310	133,769
Accrued Interest Payable	55,503	4,159	-	327	59,989
Current Portion of Notes Payable	1,102,256	32,811	-	57,433	1,192,500
Total Current Liabilities	1,206,179	36,970	29,039	114,070	1,386,258
Deposits	333,844	-	148,137	111,993	593,974
Notes Payable	13,087,981	408,642	-	146,721	13,643,344
Total Liabilities	14,628,004	445,612	177,176	372,784	15,623,576
Net Position					
Net Investment in Capital Assets	40,281,508	678,760	162,260	416,435	41,538,963
Restricted for Capital Replacement	273,923	-	-	21,885	295,808
Restricted for Debt Service	267,753	19,103	-	-	286,856
Unrestricted	808,002	79,740	91,546	323,181	1,302,469
Total Net Position	\$ 41,631,186	\$ 777,603	\$ 253,806	\$ 761,501	\$ 43,424,096

The notes to the financial statements are an integral part of this statement.

CITY OF LIVE OAK, FLORIDA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

	Business-type Activities-Enterprise Funds				Total
	Water and Sewer Fund	Stormwater Fund	Gas Fund	Sanitation Fund	
Operating Revenues					
Charges for Services	\$ 5,093,620	\$ 119,770	\$ 924,691	\$ 1,284,801	7,422,882
Operating Expenses					
Personal Services	-	-	-	5,384	5,384
Cost of Sales	-	-	419,064	359,518	778,582
Materials and Supplies	210,844	-	13,892	64,769	289,505
Utilities	268,801	-	4,083	665	273,549
Taxes	-	-	14,641	-	14,641
Maintenance and Repairs	414,072	-	24,565	23,466	462,103
Depreciation	1,451,820	71,022	8,379	67,600	1,598,821
Insurance	40,054	3,037	3,286	6,450	52,827
Other Expenses	5,560	-	1,000	560	7,120
Contractual Services	1,667,395	44,007	240,018	436,153	2,387,573
Total Operating Expenses	4,058,546	118,066	728,928	964,565	5,870,105
Operating Income	1,035,074	1,704	195,763	320,236	1,552,777
Nonoperating Revenues (Expenses)					
Interest Earnings	4,137	161	92	949	5,339
Utility Tax	209,618	-	-	-	209,618
Gain (Loss) on Disposal of Fixed Assets	-	(83,736)	-	3,848	(79,888)
Interest Expense	(291,933)	(9,227)	-	(9,297)	(310,457)
Other Revenues (Expenses)	3,227	-	7,780	1,374	12,381
Total Nonoperating Income (Expenses)	(74,951)	(92,802)	7,872	(3,126)	(163,007)
Income Before Other Revenues, Expenses, Gains, and, Transfers	960,123	(91,098)	203,635	317,110	1,389,770
Capital Contributions (Grants) and Transfers					
Capital Grants	119,520	-	-	83,700	203,220
Transfers in	-	26,894	42,000	-	68,894
Transfers out	(1,410,169)	(23,589)	(187,832)	(341,851)	(1,963,441)
Total Capital Contributions(Grants) and Transfers	(1,290,649)	3,305	(145,832)	(258,151)	(1,691,327)
Increase (Decrease) in Net Position	(330,526)	(87,793)	57,803	58,959	(301,557)
Net Position, Beginning of Year	41,961,712	865,396	196,003	702,542	43,725,653
Net Position, End of Year	\$ 41,631,186	\$ 777,603	\$ 253,806	\$ 761,501	\$ 43,424,096

The notes to the financial statements are an integral part of this statement.

CITY OF LIVE OAK, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

	Business-type Activities-Enterprise Funds				
	Water and Sewer Fund	Stormwater Fund	Gas Fund	Sanitation Fund	Total
Cash Flows From Operating Activities					
Cash Received from Customers	\$ 4,940,203	\$ 119,629	\$ 923,954	\$ 1,314,095	\$ 7,297,881
Cash Paid to Suppliers	(2,631,334)	(49,574)	(735,775)	(893,042)	(4,309,725)
Net Cash Provided by (Used In) Operating Activities	<u>2,308,869</u>	<u>70,055</u>	<u>188,179</u>	<u>421,053</u>	<u>2,988,156</u>
Cash Flows From Noncapital and Related Financing Activities					
Utility Taxes	209,618	-	-	-	209,618
Due from Other Funds	(11,618)	695	(428)	(909)	(12,260)
Transfers from Other Funds	-	26,894	42,000	-	68,894
Miscellaneous	3,227	-	7,780	1,374	12,381
Operating Transfers Out	(1,410,169)	(23,589)	(187,832)	(341,851)	(1,963,441)
Net Cash Used for Noncapital and Related Financing Activities	<u>(1,208,942)</u>	<u>4,000</u>	<u>(138,480)</u>	<u>(341,386)</u>	<u>(1,684,808)</u>
Cash Flows From Capital and Related Financing Activities					
Acquisition and Construction of Capital Assets	(171,401)	(41,644)	(50,078)	(402,398)	(665,521)
Debt Proceeds				204,154	
Principal Paid on Capital Debt	(1,012,032)	(32,151)	-		(1,044,183)
Interest Paid on Capital Debt	(291,933)	(9,227)	-	(8,970)	(310,130)
Capital Grants	119,520	-	-	83,700	203,220
Net Cash Used In Capital and Related Financing Activities	<u>(1,355,846)</u>	<u>(83,022)</u>	<u>(50,078)</u>	<u>(123,514)</u>	<u>(1,612,460)</u>
Cash Flows From Investing Activities					
Interest Received	4,137	161	92	949	5,339
Net Cash Provided By for Investing Activities	<u>4,137</u>	<u>161</u>	<u>92</u>	<u>949</u>	<u>5,339</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(251,782)	(8,806)	(287)	(42,898)	(303,773)
Cash and Cash Equivalents, Beginning of Year	<u>1,157,436</u>	<u>98,936</u>	<u>148,581</u>	<u>374,533</u>	<u>1,779,486</u>
Cash and Cash Equivalents, End of Year	<u>\$ 905,654</u>	<u>\$ 90,130</u>	<u>\$ 148,294</u>	<u>\$ 331,635</u>	<u>1,475,713</u>
As presented on the accompanying statement of net position:					
Cash and cash equivalents	30,135	71,027	157	197,756	299,075
Non-current restricted cash	875,519	19,103	148,137	133,879	1,176,638
	<u>905,654</u>	<u>90,130</u>	<u>148,294</u>	<u>331,635</u>	<u>1,475,713</u>

The notes to the financial statements are an integral part of this statement.

CITY OF LIVE OAK, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018
(Concluded)

	Business-type Activities - Enterprise Funds				
	Water and Sewer Fund	Stormwater Fund	Gas Fund	Sanitation Fund	Total
<u>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</u>					
Operating Income	\$ 1,035,074	\$ 1,704	\$ 195,763	\$ 320,236	\$ 1,552,777
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:					
Depreciation and Amortization	1,451,820	71,022	8,379	67,600	1,598,821
Decrease (Increase) in Assets:					
Accounts Receivable	(45,651)	(141)	(1,446)	23,133	(24,105)
Due from Other Governmental Units	(119,520)	-	-	-	(119,520)
Prepaid Expenses	-	-	-	-	-
Increase (Decrease) in Liabilities:					
Accounts Payable	(24,608)	(2,530)	(15,226)	3,923	(38,441)
Customer Deposits	11,754	-	709	6,161	18,624
Net Cash Provided by Operating Activities	\$ 2,308,869	\$ 70,055	\$ 188,179	\$ 421,053	\$ 2,988,156

The notes to the financial statements are an integral part of this statement.

CITY OF LIVE OAK, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

Assets:		
Accrued interest	\$	2,948
Receivable		97
		3,045
Investments, at fair value		
Money funds		10,435
U.S. Treasury notes/Gov't bonds		323,268
Corporate bonds		170,603
Common stocks and equity securities		1,252,593
Total investments		1,756,899
Total Assets		1,759,944
Liabilities:		
Liabilities		-
Net Position		
Net Position Restricted for Pensions		\$ 1,759,944

The notes to the financial statements are an integral part of this statement.

CITY OF LIVE OAK, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

Additions:			
Contributions from:			
City		\$	57,179
Total contributions			<u>57,179</u>
Investment income:			
Net increase (decrease) in fair value of investments			146,263
Interest and Dividend earnings			38,165
Total investment income			<u>184,428</u>
Total additions			<u>241,607</u>
Deductions:			
Benefit payments			183,822
Other non-operating expenses			17,008
Administrative expenses			16,516
Total deductions			<u>217,346</u>
Net increase (decrease)			24,261
Net position Restricted for Pensions:			
Beginning of Year			1,735,683
End of year		\$	<u><u>1,759,944</u></u>

The notes to the financial statements are an integral part of this statement.



CITY OF LIVE OAK, FLORIDA

Notes to the financial statements

September 30, 2018

Note 1 – Summary of Significant Accounting Policies

The financial statements of the City of Live Oak, Florida, have been prepared in conformance with accounting principles generally accepted in the United State of America as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted body for promulgating governmental accounting and financial reporting principles. The following is a summary of the City's significant accounting policies:

A. Reporting Entity

The City of Live Oak, Florida is a political subdivision of the State of Florida created by Charter appearing as Chapter 213.61, Page 1008, Laws of Florida, 1941, which became law on June 16, 1941 and, accordingly, is subject to restrictions imposed by the Florida Constitution and Statutes as well as by its own ordinances. The legislative branch of the City is composed of an elected five member Council. The City Council is governed by the City Charter and by state and local laws and regulations. The City Council is responsible for the establishment and adoption of policy. The execution of such policy is the responsibility of the Council-appointed City Manager. Additionally, the elected Mayor serves in an oversight function.

The accompanying financial statements present the financial position, results of operations and cash flows of the applicable funds controlled by or dependent on the City. In evaluating the City as a reporting entity, management has addressed all potential component units for which the entity may or may not be financially accountable and as such, be included within the City's financial statements. Criteria used to define the City of Live Oak reporting entity included: (1) a measurement of the degree to which the City exercised oversight responsibility over potential component units of the City, (2) a consideration of the scope of public service of the potential component units, and (3) a consideration of the existence of special financing relationships. The application of these criteria to potential component units indicated that the City of Live Oak reporting entity consists of those functions and activities administered directly by the Mayor and Council. The City has one blended component unit, the Community Redevelopment Agency (CRA). The CRA was created in 1995 pursuant to Chapter 163, Florida Statutes and City Ordinance No.861. the CRA is being treated as a blended component unit and included as part of the primary government for financial reporting purposes because five of the seven member governing body of the CRA are also City Councilmembers. The other two members are appointed by the City Council. In addition, a financial benefit or burden relationship exists between the City and the CRA. The CRA is presented in the financial statements of the City as a special revenue fund. The CRA does not issue a separate set of financial statements. The Live Oak Suwannee County Recreation Department and the Live Oak Housing Authority are not included in the accompanying financial statements.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements, comprised of the Statement of Net Position and the Statement of Activities, report aggregated information for the overall government for all of the activates of the primary government. Imposed nonexchange resources (property taxes, fines) are reported as deferred inflows if received before the tax is levied or before the date when use is first permitted. Government mandated nonexchange transactions (grants) and voluntary nonexchange transactions (donations) resources are reported as liabilities until the eligible requirements are met and as deferred inflow if received before time requirements are met. The primary government is reported in two columns to separately report governmental activities from business-type activities. These statements do not report fiduciary funds or fiduciary component units such as retirement trust funds. Those activities are reported only in fund financial statements. The effect of interfund activity has been removed from these statements as is further disclosed below under the heading *Interfund Balances and Transfers*.

CITY OF LIVE OAK, FLORIDA
Notes to the financial statements
September 30, 2018

Note 1 – Summary of Significant Accounting Policies – continued

B. Government-Wide and Fund Financial Statements– continued

Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other non-exchange revenues, are reported separately from business-type activities, which are financed wholly or partially by fees charged to external parties for goods or services and are reported in enterprise funds.

The Statement of Net Position presents the overall government's financial position at year-end. The Statement of Activities presents direct expenses of a given function or segment offset by program revenues for the fiscal reporting period. The resulting net expense or revenue is then totaled and offset by general revenues producing the aggregate change in net assets for the period. Program revenues include (1) charges to customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment of the government, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other non-exchange revenues not properly included among program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual business-type funds are reported in separate columns in the fund financial statements.

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 and fiduciary 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 revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental 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 as soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 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. The City does not use an encumbrance system.

Taxes, intergovernmental revenue, licenses and permits, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Revenues, expenses, gains, losses, assets, and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of Governmental Accounting Standards Board Statement No. 33, *Accounting and Financial Reporting for Non-exchange Transactions*. Non-exchange transactions are grouped into four classes, based on their principal characteristics. The accounting treatment for each type of transaction is as follows:

CITY OF LIVE OAK, FLORIDA
Notes to the financial statements
September 30, 2018

Note 1 – Summary of Significant Accounting Policies – continued

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

Derived Tax Revenue, defined as assessments imposed on exchange transactions. Examples include: sales taxes, franchise tax, utility taxes, etc. Assets from derived tax revenue are recognized in the period when the exchange transaction on which the tax is imposed or when resources are received, whichever occurs first. Revenues are recognized, net of estimated uncollectible amounts, in the same period that the assets are recognized. Resources received in advance are recorded as deferred revenue until the period of the exchange.

Imposed Non-exchange Revenue results from assessments on non-governmental entities, other than assessments on exchange transactions. Examples include: ad valorem (property) taxes, fines and penalties, and property forfeitures. Assets from imposed non-exchanged revenues are recognized in the period when an enforceable legal claim to the assets arises or when the resources are received, whichever occurs first. Property taxes are recognized in the period for which the taxes are levied. All other imposed non-exchange revenues are recognized in the same period that the assets are recognized.

Government-mandated Non-exchange Transactions frequently establish eligibility requirements before a transaction can occur. Examples include federal awards and state financial assistance. Until the requirements are met, the recipient does not have a receivable and the recognition of revenue received in advance is deferred. The providers (usually federal, state, and county governments) often offer resources on a reimbursement (“expenditure-driven”) basis at the time the recipient has incurred allowable costs under the applicable program.

Voluntary Non-exchange Transactions result from legislative or contractual agreements other than exchanges, entered into willingly by two or more parties. Examples include certain grants, entitlements, and donations by non-governmental entities. Principal characteristics of these types of transactions are (1) they are not imposed on the provider or recipient, and (2) fulfillment of eligibility requirements is essential for a transaction to occur. Assets and revenues are recognized when all applicable eligibility requirements, including time requirements, are met. Resources received in advance are reported as unearned revenue.

Proprietary fund and pension trust fund financial statements are reported using the accrual basis of accounting. Under this method, revenue is recorded when earned and expenses are recorded at the time liabilities are incurred.

The City’s accounts are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The focus of the governmental and proprietary fund financial statements is on major funds, as defined and determined based on criteria established under Governmental Accounting Standards Board Statement No. 34.

CITY OF LIVE OAK, FLORIDA
Notes to the financial statements
September 30, 2018

Note 1 – Summary of Significant Accounting Policies – continued

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

The City reports the following major governmental funds:

General Fund – The General Fund is the principal fund of the City which accounts for all financial transactions not accounted for in other funds. The majority of current operating expenditures of the City other than proprietary fund activities are financed through revenues received by the General Fund.

Capital Projects Funds – Capital projects funds are used to account for the financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary and trust funds).

Community Redevelopment Agency – Tax Increment funds are used for specific redevelopment purposes within the targeted area by the Community Redevelopment Agency. The Agency is responsible for developing and implementing the Community Redevelopment Plan that addresses the unique needs of the targeted area.

The City reports the following major proprietary funds:

Water and Sewer Utility Fund – The Water and Sewer Utility Fund accounts for the costs and recovery of costs, in the form of use charges, related to the City’s water and wastewater systems.

Stormwater Utility Fund – The Stormwater Utility Fund accounts for the costs and recovery of costs, in the form of user charges, associated with the City’s stormwater system.

Gas Utility Fund – The Gas Utility Fund accounts for the costs and recovery of costs, in the form of user charges, associated with the City’s natural gas system.

Sanitation Fund – The Sanitation Fund provides the community with refuse services, the costs of which are recovered by user charges.

Additionally, the City reports the following fund types:

Special Revenue Funds – These funds are used to account for the proceeds of specific revenue sources (other than special assessments, or capital projects) which are legally restricted to finance particular functions or activities of the City. These funds include the Special Projects Fund, Victim’s Advocate Fund, Public Safety Fund and the Community Redevelopment Tax Fund (CRA Tax Fund).

Pension Trust Fund – Pension trust funds are accounted for by the City to provide data on the accumulation of financial resources to pay pension benefits to qualified participants in the City’s Firefighter’s Substitute Pension Trust Fund.

CITY OF LIVE OAK, FLORIDA
Notes to the financial statements
September 30, 2018

Note 1 – Summary of Significant Accounting Policies – continued

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

Amounts reported in the funds as interfund receivables and payables have been eliminated in the governmental and business-type activities columns, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances due to and due from these different types of activities within the primary government.

The City reports as program revenues: (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expense from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing activities. For the City, operating revenues come from user and collection fees for water, wastewater, stormwater, gas and sanitation services, which are the principal ongoing operations of the City's Water and Sewer Fund, Stormwater Fund, Gas Fund and Sanitation Fund, respectively. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

D. Assets, Liabilities, and Net Position

Deposits and Investments - The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of six months or less from the date of acquisition.

The City's investment policies are governed by state statutes and local resolution. These policies authorize the City to invest in bonds, notes, certificates of indebtedness, treasury bills, or other securities which are guaranteed by the full faith and credit of the United States of America, interest bearing savings accounts, interest bearing certificates of deposit and interest bearing time deposits.

All of the City's investments are reported at fair value. All fiduciary (fire pension) fund investments are stated at fair value.

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

CITY OF LIVE OAK, FLORIDA
Notes to the financial statements
September 30, 2018

Note 1 – Summary of Significant Accounting Policies – continued

D. Assets, Liabilities, and Net Position – continued

All trade and property tax receivables are reported net of an allowance for uncollectible accounts, which is based upon management’s analysis of historical trends. Utility operating sales are generally recognized on the basis of cycle billings rendered quarterly. Unbilled accounts receivable are accrued by the City at September 30th, to recognize the sales revenues earned between the last meter reading date made in mid-September through the end of the fiscal year.

Inventories and Prepaid Items

It is the policy of the City to record the acquisition of supplies as expenditures at the time of purchase. The amount of supplies on hand at any one time would be a nominal amount and are considered to be immaterial.

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.

Restricted Assets

Certain proceeds of the City’s revenue note obligations, as well as certain resources set aside for their repayment, are classified as restricted assets in the government-wide financial statements because their use is limited by applicable legal indentures imposed by applicable bond covenants and other legal indentures. The restricted assets are used to report resources set aside to 1) provide a reserve for debt service, 2) provide a reserve for maintenance and replacement costs, 3) acquire capital assets, and 4) limitations placed on customers’ depository accounts.

Capital Assets

The capital assets include property, plant, equipment and infrastructure assets. The terms general capital assets and general infrastructure assets relate only to the assets associated with governmental activities, whereas the terms capital assets and infrastructure assets relate to all such assets belonging to the City. To ease implementation efforts, GASB Statement No. 34 provided the City with an extended transition period for reporting existing general infrastructure assets. Accordingly, the City is only reporting general infrastructure assets and related depreciation expense on these assets, for those assets acquired in the year of implementation of the pronouncement in the entity-wide statement of net assets and statement of activities.

CITY OF LIVE OAK, FLORIDA

Notes to the financial statements

September 30, 2018

Note 1 – Summary of Significant Accounting Policies – continued

D. Assets, Liabilities, and Net Position – continued

Capital assets are defined by the City as assets with an initial individual cost of \$1,000 or more and an estimated useful life of more than one-year. The capitalization policy for building and improvements other than buildings, requires assets with an initial cost to be \$1,000 or greater before it is capitalized. All infrastructure assets costs must also exceed \$1,000 or more before the assets are capitalized. Such assets are recorded at historical cost or estimated historical cost, if purchased or constructed. Contributed assets are recorded at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are only capitalized if they meet the dollar threshold above for capitalization.

Proprietary fund capital assets that are constructed include construction period interest that is capitalized net of interest earned on unexpended construction funds, and therefore, depreciated over the remaining useful life of the related asset.

Maintenance and repairs of property and replacements and renewals of items determined to be less than a unit of property, are charged to operating expenses.

Depreciation is reported for the primary government using the straight-line method (half-year convention in year of acquisition) calculated on a service-life basis to amortize the cost of the asset over their estimated economic useful lives, which are as follows:

<u>Assets</u>	<u>Years</u>
Buildings	50 years
Improvements other than buildings	10 - 50 years
Equipment	10 - 25 years
Computers and firearms	5 years
Infrastructure	10 - 25 years

Deferred outflows and Inflows of resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure) until then. In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents and acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

CITY OF LIVE OAK, FLORIDA

Notes to the financial statements

September 30, 2018

Note 1 – Summary of Significant Accounting Policies – continued

D. Assets, Liabilities, and Net Position – continued

Compensated Absences

The portion of employee’s payroll costs paid subsequent to year-end, are attributable to services performed prior to year-end. Accumulated unpaid vacation, sick-leave, and personal leave is recorded and recognized as a current liability. The remainder of the liability for compensated absences payable beyond the current period is recorded as a long-term liability. In fiscal year 2010-2011, the City modified the compensated absences program. The program is now referred to as Paid Time Off (PTO). This change was made to limit the liability to the City. There is no distinction between sick and vacation leave, but the maximum accrual to be paid upon leaving the Cities employ has been reduced to no more than 1 year’s total accrual. All time accumulated under the Sick and Vacation time will be paid out when the employee terminates employment with the City. Regular full-time City employees receive personal leave days to provide for all forms of leave as follows:

	<u>Annual Accrual Days</u>
Completion of 1 to 2 years of service	17
Completion of 3 to 9 years of service	22
Completion of 10 to 19 years of service	27
Completion of 20 to 29 years of service	32
Completion of 30 years of service	36

Unearned Revenue

Unearned revenues are reported when potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. Unearned revenues also arise when resources are received by the City before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the City has a legal claim to the resources, the liability for unearned revenue is removed and revenue is recognized.

Long-term Debt Obligations

In the government-wide financial statements and proprietary fund financial statements, long-term debt obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

In the fund financial statements, governmental fund types recognize bond issuance costs during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

CITY OF LIVE OAK, FLORIDA
Notes to the financial statements
September 30, 2018

Note 1 – Summary of Significant Accounting Policies – continued

D. Assets, Liabilities, and Net Position – concluded

Categories and Classification of Fund Balance:

This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Fund balance classifications, under GASB 54, are Nonspendable, Restricted, Committed, Assigned, and Unassigned. These classifications reflect not only the nature of funds, but also provide clarity to the level of restriction placed upon fund balance. Fund Balance can have different levels of restraint, such as external versus internal compliance requirements. Unassigned fund balance is a residual classification within the General Fund. The General Fund should be the only fund that reports a positive unassigned balance. In all other funds, unassigned is limited to negative residual fund balance.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue and expenses. Actual results could vary from the estimates assumed in preparing the financial statements.

E. New Accounting Pronouncement

GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, replaces the requirements of Statements No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended, and No. 57, OPEB Measurements by Agent Employers and Agent Multi-Employer Plans, for OPEB. This Statement establishes new accounting and financial reporting requirements for governments whose employees are provided with OPEB, including the recognition and measurement of liabilities, deferred outflows or resources, deferred inflows of resources and expenses. For each qualifying plan providing postemployment benefits other than pensions, employers are required to report the difference between the actuarial OPEB liability and the related plan's fiduciary net position as the net OPEB liability on the statement of net position. Previously, a liability was recognized only to the extent that contributions made to each plan were exceeded by the actuarially calculated contributions for those plans.

Additionally, Statement No. 75 sets forth note disclosures and required supplementary information disclosure requirements for defined contribution OPEB. This statement includes a decrease in net position of \$204,640 to adjust the beginning of year OPEB liability to \$402,204.

CITY OF LIVE OAK, FLORIDA
Notes to the financial statements
September 30, 2018

Note 2 – Reconciliation of Government-Wide and Fund Financial Statements

Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position:

Following the governmental fund balance sheet is reconciliation between fund balance – total governmental funds and net positions – governmental activities as reported in the government-wide statement of net position. A detailed explanation of these differences is provided in the reconciliation.

Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities:

Following the governmental fund statement of revenues, expenditures, and changes in fund balances, there is reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. A detailed explanation of these differences is provided in this reconciliation.

Note 3 – Stewardship, Compliance, and Accountability

A. Budgetary Information

Annual budgets for all governmental and proprietary funds were adopted in compliance with Florida law. The basis on which the budgets are prepared is consistent with the basis of accounting utilized by the various fund types. The governmental funds' budgets are prepared on the modified accrual basis of accounting. The proprietary funds' budgets are prepared on a full accrual basis of accounting. The City uses the following procedures in establishing the budgetary data reflected in the accompanying financial statements:

1. On or before July 1st, Department Supervisors submit a preliminary budget for their department to the City Administrator.
2. Budget workshop sessions are scheduled by the City Council, as needed
3. A general summary of the budget and notice of public hearing is published in the local newspaper.
4. Prior to October 1st, the budget is legally enacted through passage of an ordinance.
5. The City Manager must approve all inter-departmental budget amendments and/or appropriations transfers. Budgetary control is exercised at the function level.
6. Every appropriation lapses at the close of the fiscal year.

The budgets for governmental funds that were adopted during the year by the City Council were prepared using the modified accrual basis of accounting in accordance with generally accepted accounting principles. The general, special revenue and capital projects fund have legally adopted budgets.

The water and sewer utility fund, stormwater utility fund, gas utility fund and sanitation fund also have legally adopted budgets. Presentation of budget /actual comparisons for these funds has not been presented in these financial statements as the disclosure would be misleading and is not required by generally accepted accounting principles.

CITY OF LIVE OAK, FLORIDA

Notes to the financial statements

September 30, 2018

Note 4 – Property Tax Calendar

Under Florida law, the assessment of all properties and the collection of all county, municipal and school district property taxes are consolidated in the offices of the County Property Appraiser and County Tax Collector. The laws of the state regulating tax assessment are also designed to assure a consistent property valuation method statewide. State Statutes permit municipalities to levy property taxes at a rate of up to 10 mills. This millage rate assessed by the City was 8.9132 mills for the year ended September 30, 2018.

The property tax calendar is as follows:

Valuation Date January 1, 2017

Property appraiser prepares the assessment roll with values as of January 1, 2017, submits preliminary roll for approval by the State and notifies each taxing authority of their respective valuations. July 1, 2017

City Council holds two required public hearings and adopts a budget and ad valorem tax millage rate for the coming fiscal year. September, 2017

Property appraiser certified the assessment roll and all real and tangible personal property taxes are due and payable (Levy date). November 1, 2017

A Notice of Taxes is mailed to each property owner on the assessment roll. Taxes are paid November 2017 through March 2018, with the following applicable discounts: November 1, 2017

<u>Month Paid</u>	<u>Discount Percent</u>
November	4
December	3
January	2
February	1
March	0

All unpaid taxes on real and tangible personal property become delinquent. April 1, 2018

A list of unpaid tangible personal property taxes and a list of unpaid real property taxes are advertised. April/May 2018

Tax certificates are sold on all real estate parcels with unpaid real property taxes (Lien date). May/June 2018

A court order is obtained authorizing the seizure and sale of personal property if the taxpayer fails to pay the delinquent taxes. September 10, 2018

CITY OF LIVE OAK, FLORIDA
Notes to the financial statements
September 30, 2018

NOTE 5 – Cash Deposits and Investments

Deposits

	<u>Carrying Amount</u>	<u>Bank Balance</u>
Insured (1) _____	\$ 7,882,587	\$ 7,957,896
Uninsured:		
Uncollateralized (2) _____	10,435	10,435
Cash Funds _____	1,075	-
Total Deposits _____	<u>7,894,097</u>	<u>7,968,331</u>

Investments

	<u>Fair Value</u>	<u>Maturities</u>	<u>Credit Rating</u>
Pension Fund investments held by trustee:			
Common stock listed on ASE, NYSE, and NASDAQ	1,252,593	N/A	N/A
Federal Agency Securities _____	22,885	N/A	N/A
U.S. Government bonds _____	300,383	N/A	N/A
Corporate bonds _____	11,731	6 years or less	AAA/AAA
Corporate bonds _____	14,506	5 years or less	A3/A
Corporate bonds _____	19,847	4 years or less	A2/A
Corporate bonds _____	20,576	4 years or less	A2/A
Corporate bonds _____	12,063	4 years or less	A1/A+
Corporate bonds _____	19,311	3 years or less	A1/AA-
Corporate bonds _____	8,145	3 years or less	A3/A
Corporate bonds _____	19,654	3 years or less	A1/A+
Corporate bonds _____	4,999	3 years or less	AA2/AA
Corporate bonds _____	14,847	2 years or less	A3/A-
Corporate bonds _____	4,997	1 years or less	A1/A+
Corporate bonds _____	19,927	1 years or less	A2/A
Total fair value _____	<u>\$ 1,746,464</u>		

(1) FDIC and Florida Security for Public Deposits Act.

(2) Money market funds held by trustees in the Firefighter's Substitute Pension Trust Fund are uninsured, uncollateralized funds.

A reconciliation of cash and investments to the financial statements of the primary government is as follows:

Carrying value of deposits _____	\$ 7,894,097	
Carrying value of investments _____	1,746,464	
Total per note detail _____		<u>\$ 9,640,561</u>
Cash and Cash equivalents _____	\$ 6,707,024	
Restricted cash and cash equivalents _____	1,176,638	
Fiduciary fund cash and investments _____	1,756,899	
Total reported in statement of net position and statement of fiduciary net position _____		<u>\$ 9,640,561</u>

CITY OF LIVE OAK, FLORIDA

Notes to the financial statements

September 30, 2018

Note 5 – Cash Deposits and Investments – continued

Investment Policy

The City's investment policies are governed by state statutes, specifically Sections 218.415 and 218.415(17). Authorized investments of the City are limited to:

- a. The Local Government Surplus Funds Trust Fund or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act.
- b. Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency.
- c. Interest-bearing time deposits or savings accounts in qualified public depositories.
- d. Direct obligations of the U.S. Treasury.

Investments administered by the trustees of the City's Firefighter's Substitute Pension Trust Fund Board are restricted to investments as defined under state statutes; specifically, Section 175.071 (a) and (b). The provisions under this statute limit investments to:

- a. Investment in annuity and life insurance contracts of life insurance companies.
- b. Time or savings accounts of a national bank, a state bank insured by the Bank Insurance Fund, or a savings, building, and loan association insured by the Savings Association Insurance Fund which is administered by the Federal Deposit Insurance Corporation or a state or federal chartered credit union with share accounts insured by the National Credit Union Share Insurance Fund.
- c. Obligations of the United States or obligations guaranteed as to principal and interest by the government of the United States.
- d. Bonds issued by the State of Israel.
- e. Bonds, stocks, or other evidences of indebtedness issued or guaranteed by a corporation organized under the laws of the United States, any state or organized territory of the United States, or the District of Columbia, provided that:
 - a. The corporation is listed on any one or more of the recognized national stock exchanges or on the National Market System of the NASDAQ Stock Market and, in the case of bonds only, holds a rating in one of the three highest classifications by a major rating service; and
 - b. The board of trustees shall not invest more than 5 percent of its assets in the common stock or capital stock of any one issuing company, nor shall the aggregate investment in any one issuing company exceed 5 percent of the outstanding capital stock of that company or the aggregate of its investments at cost exceeding 50 percent of the assets of the fund.

Investment Rate Risk

In accordance with the provisions of the state statutes governing allowable investments, the City manages its exposure to the declines in fair values by limiting the maturity of specific investments to provide sufficient liquidity to pay obligations as they come due.

CITY OF LIVE OAK, FLORIDA
Notes to the financial statements
September 30, 2018

Note 5 – Cash Deposits and Investments – continued

Credit Risk (concluded)

City Investments - The City has not adopted a specific investment policy with respect to the investment of government-wide funds. Section 218.415, Florida Statutes addresses investment policies for municipalities within the state of Florida. Provisions of that statute indicate that in the absence of written policy, the City defaults to the authorized investments specified under Section 218.415 (17) Florida Statutes for government-wide investments. A description of the investments permissible under this section of the state statutes is outlined under the heading Investment Policy above.

Investments of the Pension Trust Fund - The City has not adopted a specific investment policy with respect to the investment of pension trust funds. In the absence of a written policy the City defaults to the authorized investments specified under Section 175.07 (b) Florida Statutes, for investments held by the trustees for the Firefighter's Substitute Pension Trust Fund. A description of the investments permissible under this section of the state statutes is outlined under the heading Investment Policy above. The City specifically refrains from investing in derivative investment products. As of September 30, 2018 the City's investments in corporate bonds, held by trustees of the Substitute Firefighters Pension Trust Fund, were rated from A3 to AA2 by Standard & Poor's and rated by Moody's Investors Service from AA to A-, in the amounts as indicated above. Credit ratings do not apply to the City's investments in U.S. government bonds which are invested U.S. government securities guaranteed by the U. S. government.

Concentration of Credit Risk

The provisions under Sections 218.415 (17) and 175.071 (b), Florida Statutes, for general investments and investments held by the trustees for the Firefighter's Substitute Pension Trust Fund generally limit the City's investment to securities that by their nature are either guaranteed by a life insurance company or the United States, or the highest credit rating. With respect to investments in common or capital stock the City is restricted to investing not more than 5% of its total assets held in the pension trust fund in any one issuing company. These provisions exist to limit the concentration of credit risk that can arise from the failure to adequately diversify investments.

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. Pursuant to the applicable provisions of Chapter 280, Florida Statutes, the *Florida Security of Public Deposits Act* ("the Act"), the State of Florida, Department of Financial Services, Division of Treasury, Bureau of Collateral Management have established specific requirements relative to the security and collateralization for public deposits. Accordingly, banks qualifying as a public depository in the State of Florida must adopt the necessary procedures outlined in these statutes and meet all of the requirements of this chapter to be designated by the State Chief Financial Officer as eligible to receive deposits from municipal depositors. Collateral having a market value equal to 50% of the average daily balance for each month of all public deposits in excess of any applicable depository insurance is required to be pledged or deposited with the State Chief Financial Officer to secure such deposits. Additional collateral, up to a maximum of 125% may be required if deemed necessary under the conditions set forth in the Act. Securities eligible to be pledged as collateral are generally limited to obligations of the United States government and any state thereof and are held in the name of the State Chief Financial Officer's office. Compliance with the provisions of Chapter 280, Florida Statutes, is monitored by a Qualified Public Depository Oversight Board with members appointed by the State Chief Financial Officer.

CITY OF LIVE OAK, FLORIDA
Notes to the financial statements
September 30, 2018

Note 5 – Cash Deposits and Investments – continued

For an investment, this is the risk that, in the event of the failure of the counterparty, the City (primary government) will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City’s pension trust fund’s investments of \$1,756,899 are held in street name in the form of stock, corporate bonds, and U. S. Government bonds through a financial brokerage firm and are uninsured and unregistered.

Fair Value Measurements

The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels:

- Level 1 Inputs—are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.
- Level 2 Inputs—are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly or indirectly.
- Level 3 Inputs—are unobservable inputs for an asset or liability. The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. If a price for an identical asset or liability is not observable, a government should measure fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs.

The City’s investments are measured at fair value on a recurring basis. Fair value measurements are categorized based on the valuation inputs used to measure an asset’s fair value in the hierarchy described above. The fair value measurements for the City’s pension investments are as follows at September 30, 2018:

Investments by Fair Value Level	Amount	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money Market Funds	\$ 10,435	\$ 10,435	\$ -	\$ -
U.S. Bonds & Bills	300,383	\$ 300,383		
Federal Agency Guaranteed Securities	22,885	22,885		
Common Stocks/Equity	1,252,593	1,252,593		
Corporate Bonds	170,603		170,603	
Total Investments by Fair Value Level	\$ 1,756,899	\$ 1,586,296	\$ 170,603	\$ -

Note: as of September 30, 2018, the City had accrued interest receivable related to investments of \$3,045

Money Market Funds, U.S. Treasury Notes, and Common Stocks/Equity are valued based on prices quoted in active markets and are categorized as Level 1 in the fair value hierarchy. Corporate bonds are valued using quoted prices for similar securities in active markets and are categorized as Level 2 in the fair value hierarchy.

CITY OF LIVE OAK, FLORIDA
Notes to the financial statements
September 30, 2018

Note 6 – Restricted Assets

The City’s financial statements include restricted assets as a result of maintaining (holding) enterprise funds’ customer’s depository accounts and serial debt indenture requirements.

A summary of restricted assets of the City, at September 30, 2018, is as follows:

Business-type Activities:

	Water and Sewer Utility Fund	Stormwater Fund	Natural Gas Fund	Sanitation Fund	Total
Checking Account	875,519	19,103	148,137	133,879	1,176,638
	<u>\$ 875,519</u>	<u>\$ 19,103</u>	<u>\$ 148,137</u>	<u>\$ 133,879</u>	<u>\$ 1,176,638</u>

Note 7 – Accounts Receivable

Governmental Activities:

General Fund:

Delinquent taxes receivable	\$ 1,980
Accounts receivable	213,947
Less allowance for doubtful accounts	(16,000)

Total governmental activities accounts receivable, net \$ 199,927

Business-type Activities:

Enterprise Funds:

Water and Accounts	\$ 668,195
Less allowance for doubtful accounts	(169,591)
Stormwater Accounts	16,400
Less allowance for doubtful accounts	(7,000)
Gas Utility Accounts	139,587
Less allowance for doubtful accounts	(40,184)
Sanitation Accounts	224,723
Less allowance for doubtful accounts	(81,367)

Total business-type activities accounts receivable, net \$ 750,763

CITY OF LIVE OAK, FLORIDA
Notes to the financial statements
September 30, 2018

Note 8 – Due from Other Governments

The City's due from other governments at September 30, 2018 consists of the following:

Governmental Activities	
Suwannee County	\$ 1,246
United States Environmental Protection Agency	12,573
State of Florida, Department of Revenue	176,357
State of Florida, Department of Economic Opportunity	477,495
State of Florida, Department of Transportation	7,325
State of Florida, FRDAP	23,800
State of Florida, Department of Justice	5,417
	\$ 704,213
Business-type Activities	
State of Florida, Department of Corrections	\$ 111,387
Suwannee River Water Management District	119,520
	\$ 230,907

Note 9 – Interfund Balances and Transfers

The outstanding balances between funds result mainly from the time between the dates reimbursable expenditures occur, when transactions are recorded in the accounting system, and when payments between funds are made. All interfund balances are expected to be repaid within one year. Individual fund interfund receivables and payables for the primary government at September 30, 2018, are comprised of the following:

Fund	Interfund Receivables	Interfund Payables
Internal balances - due to/from other funds:		
General Fund	413,037	-
Special Revenue Funds:		
CDBG Fund	-	359,116
Special Grant Fund	-	7,326
Victim's Advocate Fund	-	5,416
State Grant Fund	-	23,800
Community Redevelopment Tax Fund	-	17,379
Totals	\$ 413,037	\$ 413,037

CITY OF LIVE OAK, FLORIDA
Notes to the financial statements
September 30, 2018

Note 9 – Interfund Balances and Transfers -continued

Transfers occur to reclassify revenues from funds to finance various programs, provide grant matching funds, or to subsidize operations that the City must account for in other funds in accordance with budgetary authorizations. During the fiscal year ended September 30, 2018, the City made the following transfers:

	Operating Transfers In	Operating Transfers Out
	<u> </u>	<u> </u>
General Fund	\$ 2,554,291	\$ 239,834
Capital Projects Funds	-	655,982
Community Redevelopment Tax Fund	239,834	-
Special Grants Fund (CDBG)	23,132	26,894
Enterprise Funds:		
Water and Sewer Utility Fund	-	1,410,169
Stormwater Fund	26,894	23,589
Gas Fund	42,000	187,832
Sanitation Fund	-	341,851
Totals	<u>\$ 2,886,151</u>	<u>\$ 2,886,151</u>

Note 10 – Capital Assets

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

	Beginning Balance 9/30/2017	Additions	Deletions/ Transfers	Ending Balance 9/30/2018
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Governmental Activities				
Capital Assets Not Being Depreciated:				
Land	\$ 1,709,038	\$ 103,267	\$ 6,746	\$ 1,819,051
Construction in Progress	121,151	582,774	(55,636)	648,289
Total Capital Assets Not Being Depreciated	<u>1,830,189</u>	<u>686,041</u>	<u>(48,890)</u>	<u>2,467,340</u>
Capital Assets Being Depreciated:				
Buildings	4,054,268	29,602	(2,500)	4,081,370
Improvements Other Than Buildings	1,545,957	116,418	48,890	1,711,265
Machinery and Equipment	4,472,909	290,589	(211,117)	4,552,381
Infrastructure	6,516,197	-	-	6,516,197
Total Capital Assets Being Depreciated	<u>16,589,331</u>	<u>436,609</u>	<u>(164,727)</u>	<u>16,861,213</u>
Less Accumulated Depreciation:				
Buildings	(1,297,535)	(108,201)	663	(1,405,073)
Improvements Other Than Buildings	(931,210)	(77,229)	-	(1,008,439)
Machinery and Equipment	(3,630,855)	(188,152)	180,620	(3,638,387)
Infrastructure	(1,186,743)	(259,576)	-	(1,446,319)
Total Accumulated Depreciation	<u>(7,046,343)</u>	<u>(633,158)</u>	<u>181,283</u>	<u>(7,498,218)</u>
Total Capital Assets Being Depreciated, Net	<u>9,542,988</u>	<u>(196,549)</u>	<u>16,556</u>	<u>9,362,995</u>
Governmental Activities Capital Depreciated, Net	<u>\$ 11,373,177</u>	<u>\$ 489,492</u>	<u>\$ (32,334)</u>	<u>\$ 11,830,335</u>

CITY OF LIVE OAK, FLORIDA
Notes to the financial statements
September 30, 2018

Note 10 – Capital Assets – continued

	Beginning Balance 9/30/2017	Additions	Deletions/ Transfers	Ending Balance 9/30/2018
Business-type Activities				
Capital Assets Not Being Depreciated:				
Land	\$ 1,602,184	\$ -	\$ -	\$ 1,602,184
Construction in Progress	30,500	83,679	-	114,179
Total Capital Assets Not Being Depreciated	<u>1,632,684</u>	<u>83,679</u>	<u>-</u>	<u>1,716,363</u>
Capital Assets Being Depreciated:				
Buildings	1,193,402	-	-	1,193,402
Wastewater Treatment Plant	24,235,343	-	-	24,235,343
Improvement Other than Buildings	45,052,168	-	-	45,052,168
Machinery and Equipment	2,449,204	601,852	(287,004)	2,764,052
Total Capital Assets Being Depreciated	<u>72,930,117</u>	<u>601,852</u>	<u>(287,004)</u>	<u>73,244,965</u>
Less Accumulated Depreciation:				
Buildings	(278,943)	(21,026)	-	(299,969)
Wastewater Treatment Plant	(4,222,633)	(490,651)	-	(4,713,284)
Improvement Other than Buildings	(10,337,687)	(971,137)	-	(11,308,824)
Machinery and Equipment	(2,335,543)	(116,007)	187,106	(2,264,444)
Total Accumulated Depreciation	<u>(17,174,806)</u>	<u>(1,598,821)</u>	<u>187,106</u>	<u>(18,586,521)</u>
Total Capital Assets Being Depreciated, Net	<u>55,755,311</u>	<u>(996,969)</u>	<u>(99,898)</u>	<u>54,658,444</u>
Total Business-type Activities Capital Assets, Net	<u>\$ 57,387,995</u>	<u>\$ (913,290)</u>	<u>\$ (99,898)</u>	<u>\$ 56,374,807</u>

Depreciation expense was charged to function/program of the primary government as follows:

Governmental Activities	
General Government	96,458
Physical Environment	116,790
Public Safety	165,233
Transportation	254,677
Total Depreciation Expense - Governmental Activities	<u>633,158</u>
Business-type Activities	
Water Utility	1,451,820
Storm Utility	71,022
Gas Utility	8,379
Sanitation	67,600
Total Depreciation Expense - Business-type Activities	<u>1,598,821</u>

CITY OF LIVE OAK, FLORIDA
Notes to the financial statements
September 30, 2018

Note 11 – Long-term Debt

Since fiscal year 2004, the City has sought and been awarded funding from the Florida Department of Environmental Protection State Revolving Loan program to finance the planning and designing of a new Wastewater Treatment Plant, Phase I and Phase II, Stormwater Improvements, Sanitary Sewer Rehabilitation, and Drinking Water Wellfield Improvements. The following is a summary of those activities and related pledged revenues. All borrowings have a term of 20 years and payments are made semiannually:

Associated with the Wastewater Treatment Plant (Project 66206P), established 6/28/04, the City borrowed \$879,120 at 1.88% annually, beginning 5/15/08. Terms of this borrowing require semi-annual payments of \$27,821 due on March 15th and September 15th through September 15th 2026. The City's sewer revenue serves as collateral for this borrowing.

The City also borrowed \$10,458,418 for the Wastewater Treatment Plant (Project 662080), dated May 20th, 2006. These funds were borrowed at 2.30% annually. Terms of this borrowing require semi-annual payments, starting July 8, 2008, of \$326,344 due on July 15th and January 15th through January 15th 2027. Associated with this borrowing, the State of Florida, Department of Environmental Protection has provided a grant (FDEP Grant WW662080) funding \$7,871,237 of this borrowing. This state grant provides \$227,510 of each installment of \$326,344. As a result, the City's "net" semi-annual portion of this serial debt payment is \$98,833. The City's sewer revenue serves as collateral for this borrowing. In January of 2016, the State paid out their Grant in full in the amount of \$5,100,331, reducing interest costs to them and the City. The semi-annual loan payments beginning January 2015 are \$97,831.

With respect to Stormwater Projects (Project 66207P), the City borrowed \$116,682 at 1.81% annually. Terms of this borrowing require semi-annual payments of \$3,729 due on March 30th and September 30th through March 30, 2028, beginning February 27, 2006. The City's stormwater revenue serves as collateral for this borrowing.

The City also borrowed \$584,944 at 2.30% annually for Stormwater Projects (Project 662070). Terms of this borrowing require semi-annual payments of \$17,110 due on October 15th and April 15th beginning on October 15, 2010. This debt agreement matures on April 15, 2029. The City's stormwater revenue serves as collateral for this borrowing.

Associated with the Wastewater Treatment Plant Phase II (Project 662110), the City borrowed \$238,653 at 1.87% annually. Terms of this borrowing require semi-annual payments of \$7,654 due on January 15th and July 15th beginning on January 15, 2011. This debt arrangement matures on July 15, 2030. The City's sewer revenue received from the Suwannee Correctional Institution serves as collateral for this borrowing.

The City also borrowed \$13,157,760 for the Wastewater Treatment Plant Phase II (Project 662111), dated March 27, 2009. Terms of this borrowing at 2.30% annually require semi-annual payments of \$410,044 due on January 15th and July 15th beginning on January 15, 2011. This debt arrangement matures on July 15, 2030. The City's sewer revenue received from the Suwannee Correctional Institution serves as collateral for this borrowing.

With respect to Sanitary Sewer Rehabilitation Projects (Project 610200), dated July 10, 2009, the City borrowed \$1,404,787 at 1.98% annually. Terms of this borrowing require semi-annual payments of \$43,118 due on January 15th and July 15th beginning on January 15, 2011. This debt arrangement matures on July 15, 2030. The City's water revenue received from the Suwannee Correctional Institution serves as collateral for this borrowing.

The City further borrowed \$1,967,567, dated January 20, 2011, for Phase II of the Sanitary Sewer Rehabilitation Projects (Project 610220) at 1.87% annually. Terms of this borrowing require semi-annual payments of \$61,266 due on September 15th and March 15th beginning on September 15, 2012. This debt arrangement matures on July 15, 2030. The City's water revenue received from the Suwannee Correctional Institution serves as collateral for this borrowing.

CITY OF LIVE OAK, FLORIDA
Notes to the financial statements
September 30, 2018

Note 11 – Long-term Debt – continued

The City also borrowed \$148,759, dated January 11, 2011, for Sanitary Sewer Rehabilitation Projects (Project 610201). Terms of this borrowing, at 1.98% annually, require semi-annual payments of \$4,694 due on January 15th and July 15th beginning on January 15, 2011. This debt arrangement matures on July 15, 2030. The City’s water revenue received from the Suwannee Correctional Institution serves as collateral for this borrowing.

Associated with Phase I of the sanitary sewer rehabilitation projects, the United States Department of Environmental Protection has awarded the City \$4,641,034 of American Recovery and Reinvestment Act of 2009 (“ARRA”) principal forgiveness. Phase II of the sanitary sewer rehabilitation projects, the United States Department of Environmental Protection has awarded the City \$6,444,433 of American Recovery and Reinvestment Act (ARRA) principal forgiveness, all of which had been expended prior to September 30, 2011.

The City also borrowed \$450,000 for Drinking Water Wellfields (Project 610210), dated 12/4/09. Terms of this borrowing include an annual interest rate of 2.71% and semi-annual payments of \$14,865, beginning February 15, 2011. This debt arrangement matures on August 15, 2030. The City’s water revenue received from the Suwannee Correctional Institution serves as collateral for this borrowing.

Associated with these Water Wellfields, the United States Department of Environmental Protection had awarded the City \$2,550,000 of ARRA principal forgiveness (DW610210) during the year ended September 30, 2012. In addition, the City had received further ARRA funding in the amount of \$450,000 (DW610211). It has also awarded the City \$1,413,538 of ARRA (principal forgiveness).

With respect to Drinking Water Wellfields (Project 610211), dated September 30, 2010, the City also borrowed \$455,608 at 2.61% annually. Terms of this borrowing include semi-annual payments of \$13,360 due on February 15th and August 15th beginning on August 15, 2011. This debt arrangement matures on February 15, 2031. The City’s water revenue received from the Suwannee Correctional Institution serves as collateral for this borrowing.

Pledged Revenue

Pledged revenues on the City’s outstanding debt for the year ended September 30, 2018, were as follows:

<u>Description of Notes</u>	<u>Pledged Revenue</u>	<u>Net Revenue Received</u>	<u>Principal and Interest Paid</u>	<u>Estimated Percentage Pledged</u>	<u>Outstanding Principal and Interest</u>	<u>Pledged Through</u>
Projects 662110, 662111, 610200, 610220, 610201, 610210, 610211, 66206P and 662080	Net Water, Sewer Revenues	2,490,734	1,378,028	55.33%	15,260,795	2030
Projects 66207P and 662070	Net Stormwater Revenues	49,137	41,679	84.82%	478,605	2030

CITY OF LIVE OAK, FLORIDA
Notes to the financial statements
September 30, 2018

Note 11 – Long-term Debt – continued

Changes in long-term liabilities

Long-term liability activity for the year ended September 30, 2018, was as follows:

	Adjusted Balances 9/30/17	Additions	Reductions	Balances 9/30/18	Due Within One Year
Governmental activities:					
Compensated absences	\$ 218,464	\$ 26,601		\$ 245,065	\$ 110,372
OPEB liability *	402,294		(9,237)	393,057	-
Net Pension Obligation -					
Florida Retirement	4,459,588	227,431	-	4,687,019	-
Firefighters Plan	241,067		(88,161)	152,906	-
Governmental activity					
Long-term liab	<u>\$ 5,321,413</u>	<u>\$ 254,032</u>	<u>\$ (97,398)</u>	<u>\$ 5,478,047</u>	<u>\$ 110,372</u>
Business-type activities:					
Notes payable - DEP	15,675,873	-	(1,098,499)	14,577,374	1,120,245
Garbage Truck 2yr Lease	-	254,539	(50,386)	204,153	57,433
Mini Backhoe 3yr Lease		71,038	(16,722)	54,316	14,822
Business-type activity					
Long-term liabilities	<u>\$ 15,675,873</u>	<u>\$ 325,577</u>	<u>\$ (1,165,607)</u>	<u>\$ 14,835,843</u>	<u>\$ 1,192,500</u>

*Beginning year adjustment 204,640 Gasb75

Long-term debt – future requirements

Debt service requirements for all long-term debt as of September 30, 2018, is as follows:

	Business-type Activities	
	Note Payable - DEP	
	Principal	Interest
2019	1,120,245	282,739
2020	1,142,427	260,557
2021	1,165,668	237,315
2022	1,187,516	215,467
2023	1,211,673	191,301
2024-2028	6,302,668	586,599
2029-2032	2,447,177	68,206
	<u>\$ 14,577,374</u>	<u>\$ 1,842,184</u>

CITY OF LIVE OAK, FLORIDA
Notes to the financial statements
September 30, 2018

Note 11 – Long-term Debt – continued

The City has entered into certain capital lease agreements under which the related equipment could become the property of the City when all terms of the lease agreements are met:

Business-type activities	Stated Interest Rate	2019 Commitments	2020 Commitments	2021 Commitments	Total
Garbage Truck	4.221%	\$ 64,751	\$ 147,936	\$ -	\$ 212,687
Mini Excuvator	3.50%	16,723	16,723	25,000	58,446
Total Business-type lease agreements					271,133
Less interest					12,664
Present value of Minimum Lease Payments					<u>\$ 258,469</u>

Leased equipment under capital leases at September 30, 2018 include the following:

Equipment	\$ 325,578
Less Accumulated amortization	<u>25,075</u>
Net Value	<u>\$ 300,503</u>

Amortization of leased facilities and equipment under capital assets is included with depreciation expense.

Note 12 – Employees’ Pension Plans

A. Substitute Firefighter Pension Trust Fund – Defined Benefit Pension Plan

Plan Description

Plan Administration

The general administration and responsibility for the proper operation of the Plan and for making effective the provisions of Ordinance 1134 are hereby vested in a Board of Trustees consisting of three (3) persons as follows:

1. One (1) member appointed by the City Council;
2. One (1) active or retired Firefighter elected by a majority of the active and related Firefighters who are members of this Plan; and
3. One (1) member recommended for appointment by the Mayor.

Plan Membership as of October 1, 2017

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	7
Inactive Plan Members Entitled to but Not Yet Receiving Benefits	0
Active Plan Members	<u>0</u>
	<u>7</u>

Benefits Provided

The Plan provides retirement, termination, disability and death benefits.

Normal Retirement:

Date: Earlier of: 1) Age 55 and 10 years of Credited Service, or 2) Age 52 with 25 years of Credited Service. Benefit: 3% of Average Final Compensation times Years of Credited Service.

Early Retirement:

Date Age 50 and Completion of 10 years of Credited Services.

Benefit: Determined as Normal Retirement and reduced 3% for each year prior to Normal Retirement.

CITY OF LIVE OAK, FLORIDA
Notes to the financial statements
September 30, 2018

Note 12 – Employees’ Pension Plans – continued

A. Substitute Firefighter Pension Trust Fund – Defined Benefit Pension Plan (continued)

Vesting (Termination of Employment):

Less than 10 Years: Refund of Member Contributions.

10 Years or More: Accrued pension payable at Normal Retirement, or a refund of Member Contributions.

Disability:

Eligibility: Total and permanent; not able to perform useful and efficient service as a firefighter. Board can require periodic re-examination. 10 years of service required for non-service incurred benefits.

Service Incurred Benefit: Greater of Accrued Benefit and 42% of Average Final Compensation.

Non-Service Incurred Benefit: Greater of Accrued Benefit and 25% of Average Final Compensation.

Death Benefits:

Vested: 50% of the Member’s monthly Salary at death, payable to the Beneficiary as a life annuity.

Prior to Vesting: Refund of Member Contributions.

Contributions

Member Contributions: 3.0% of Compensation

Remaining amount required in order to pay current costs and amortize unfunded past service cost, if any, as provided in chapter 112, Florida Statutes.

Investments

Investment Policy:

The following was the Board’s adopted asset allocation policy as of September 30, 2018:

Asset Class	Target Allocation
Domestic Equity	55%
International Equity	10%
Fixed Income	35%
Total	100%

Concentrations:

The Plan did not hold investments in any one organization that represent 5 percent or more of the Pension Plan’s fiduciary net position.

Rate of Return:

For the year ended September 30, 2018 the annual money-weighted rate of return of Pension Plan investments, net of pension plan investment expense, was 9.99 percent.

The money-weighted rate of return expresses investment performance, net investment expense, adjusted for the changing amounts actually invested.

The components of the net pension liability of the sponsor on September 30, 2018 were as follows:

Total Pension Liability	\$ 1,912,851
Plan Fiduciary Net Position	\$ (1,759,945)
Sponsor's Net Pension Liability	\$ <u>152,906</u>
Plan Fiduciary Net Position as a percentage of Total Pension Liability	<u>92.01%</u>

Actuarial Assumptions:

CITY OF LIVE OAK, FLORIDA
Notes to the financial statements
September 30, 2018

Note 12 – Employees’ Pension Plans – continued

A. Substitute Firefighter Pension Trust Fund – Defined Benefit Pension Plan (continued)

The total pension liability was determined by an actuarial valuation as of October 1 2017, updated to September 30, 2018 using the following actuarial assumptions applied to all measurement periods.

Inflation	2.30%
Salary Increases	N/A
Discount Rate	7.50%
Investment Rate of Return	7.50%

Mortality Rate: RP-2000 Generational, 10% Annuitant White Collar / 90% Annuitant Blue Collar, Scale BB. Females RP2000 Generational, 100% Annuitant White Collar, Scale BB.

The date of the most recent experience study for which significant assumptions are based upon is not available.

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 expenses and inflation) are developed for each major asset class.

For 2018 the inflation rate assumption of the investment advisor was 2.10%

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. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan’s target asset allocation as of September 30, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Long Term Expected Real Rate of Return</u>
Domestic Equity	6.89%
International Equity	6.40%
Fixed Income	2.47%

Discount Rate:

The discount rate used to measure the total pension liability was 7.50 percent.

The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contributions rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. 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.

	1% Decrease	Current Discount Rate	1% Increase
	6.50%	7.50%	8.50%
Sponsor's Net Pension Liability	<u>\$321,304</u>	<u>\$152,906</u>	<u>\$7,935</u>

CITY OF LIVE OAK, FLORIDA
Notes to the financial statements
September 30, 2018

Note 12 – Employees’ Pension Plans – continued

A. Substitute Firefighter Pension Trust Fund – Defined Benefit Pension Plan (continued)

Changes in Net Pension Liability

	<u><i>Total Pension Liability</i></u>	<u><i>Plan Fiduciary Net Position</i></u>	<u><i>Net Pension Liability</i></u>
Reporting Period Ending September 30, 2017	\$1,976,751	\$1,735,683	\$241,067
Changes for the Year			
Interest	141,363	0	141,363
Differences between Expected and Actual Experience	(21,441)	0	(21,441)
Changes of assumptions	0	0	0
Changes of benefit terms	0	0	0
Contributions - Employer	0	57,179	(57,179)
Net Investment Income	0	167,912	(167,912)
Benefit Payments, including Refunds of Employee Contributions	(183,822)	(183,822)	0
Administrative Expense	0	(17,008)	17,008
Net Changes	<u>(63,900)</u>	<u>24,261</u>	<u>(88,161)</u>
Reporting Period Ending September 30, 2018	<u>\$1,912,851</u>	<u>\$1,759,944</u>	<u>\$152,906</u>

B. Florida Retirement System

Plan Description- The FRS Pension Plan was created in Chapter 121 Florida Statutes, to provide a defined benefit pension plan for participating public employees. All regular employees are eligible. The FRS was amended in 1998 to add the Deferred Retirement Option Program (DROP) under the FRS Pension Plan.

The general classes of membership applicable to the City are as follows:

- *Regular Class-* Members of the FRS who do not qualify for membership in the other classes.
- *Elected Officer Class-* Members who hold specified elective offices in local government.
- *Senior Management Service Class-* Members in senior management level position.
- *Special Risk Class-* Members who are employed in special risk careers, such as law enforcement or fire rescue, and meet the criteria to qualify for this class.

Plan Administration- The FRS Pension Plan is administered by the State of Florida, Department of Management Services, Division of Retirement. Changes to the law can only occur through an act of the Florida Legislature

Plan Benefits- Provisions relating to the FRS Pension Plan are established by Chapters 121 and 122, Florida Statutes; Chapter 112 Part IV, Florida Statutes; Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. Employees enrolled in the FRS Pension Plan prior to July 1, 2011, vest at six years of creditable service and employees enrolled in the FRS Pension plan on or after July 1, 2011, vest at eight years of creditable service. All vested members enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service, except for members classified as special risk who are eligible for normal retirement benefits at age 55 or at any age after 25 years of service. All members enrolled in the FRS Pension Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service, except for members classified as special risk who are eligible for normal retirement benefits at age 60 or at any age after 30 years of service. Members of the FRS Pension Plan may include up to four years of credit for military service toward creditable service. The FRS Pension Plan also includes an early retirement provision; however, there is a 5% benefit reduction for each year a member retires before his or her normal retirement date.

CITY OF LIVE OAK, FLORIDA
Notes to the financial statements
September 30, 2018

Note 12 – Employees’ Pension Plans – continued

B. Florida Retirement System- continued

DROP is available under the FRS Pension Plan when the member first reaches eligibility for normal retirement. DROP allows a member to retire while continuing employment for up to 60 months, except that certain instructional personnel may participate for up to 96 months. While in the DROP, the member’s retirement benefits accumulate in the FRS Pension Plan trust fund (increased by a cost-of-living adjustment each July). DROP participants starting the program prior to July 1, 2011, earn monthly interest equivalent to an annual rate of 6.5%. Participants starting the program on or after July 1, 2011, earn an effective annual rate of 1.3%. When the DROP period ends, the DROP account is paid out as a lump-sum payment, a rollover, or a combination, and monthly benefits are subsequently paid to the member in the amount as calculated upon entry into DROP, plus cost-of-living adjustments for intervening years. In most cases, the DROP participant must cease employment when the DROP period ends.

Benefits under the FRS Pension Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years’ earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years’ earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement class to which the member belonged when the service credit was earned (from 1.60% - 3.00%). Members are eligible for in-line-of-duty or regular disability and survivors’ benefits.

As provided in Section 121.101, Florida Statutes, if the member initially enrolled in the FRS Pension Plan before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is 3% per year. If the member is initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment, based on the ratio of service credit accrued pre-July 2011. Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

Contributions- The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates for FRS during the City’s 2018-19 fiscal year were as follows:

Class	Year Beginning July 1, 2018		Year Beginning July 1, 2017	
	Percent of Gross Salary		Percent of Gross Salary	
	Employee	Employer ⁽¹⁾	Employee	Employer ⁽¹⁾
Regular	3.00	8.26	3.00	7.92
Elected Officers	3.00	48.70	3.00	45.50
Senior Management Service	3.00	24.06	3.00	22.71
Special Risk Regular	3.00	24.50	3.00	23.27
DROP	0.00	14.03	0.00	13.26

⁽¹⁾ These rates include the normal cost and unfunded actuarial liability contributions but do not include the contribution for the Retiree Health Insurance Subsidy and the fee of 0.04% for administration of the FRS Investment Plan and provision of educational tools for both plans.

The City contributions, employer, to the FRS Pension Plan totaled \$342,919 for the fiscal year ended September 30, 2018.

CITY OF LIVE OAK, FLORIDA
Notes to the financial statements
September 30, 2018

Note 12 – Employees’ Pension Plans – continued

B. Florida Retirement System- continued

Net Pension Liability

At September 30, 2018, the City reported the following net pension liability:

	FRS Pension Plan
City's Proportion	0.0130022500%
City's Proportionate Share of Net Pension Liability	\$3,916,345

The City’s proportionate share of the net pension liability was based on the City’s contributions during the FRS Pension Plan’s fiscal year relative to the contributions of all participating members in the same fiscal year. At June 30, 2018, the City’s proportion increased 0.056956677 from its proportion measured as of June 30, 2017.

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The FRS Pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments of active and inactive plan members. 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.

Actuarial Assumptions

The total pension liability in the July 1 2018 actuarial valuation, was determined using the individual entry age cost method and the following actuarial assumptions, applied to all periods included in the measurement:

	FRS Pension Plan
Inflation	2.60%
Salary Increases	3.25%
Investment Rate of Return, Including Inflation	7.10%
Mortality Table	RP2000
Actuarial Cost Method	Individual Entry Age

Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments was not based on historical returns, but instead is based on a forward-looking capital market economic model. The allocation policy’s description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

CITY OF LIVE OAK, FLORIDA
Notes to the financial statements
September 30, 2018

Note 12 – Employees’ Pension Plans – continued

B. Florida Retirement System- continued

Long-term Expected Rate of Return (Concluded)

Asset Class	Annual Target Allocation (1)	Annual Arithmetic Return	Geometric Return	Standard Deviation
Cash	1%	2.9%	2.9%	1.8%
Fixed Income	18%	4.4%	4.3%	4.2%
Global Equity	54%	7.6%	6.3%	17.0%
Real Estate (Property)	11%	6.6%	6.0%	12.8%
Private Equity	10%	10.7%	7.8%	30.0%
Strategic Investments	6%	6.0%	5.7%	9.7%
Total	<u>100%</u>			
Assumed Inflation – Mean		2.6%		1.9%

(1) As Outlined in the FRS Pension Plan’s Investment Policy.

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 current discount rate of 7.00%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
City’s Proportionate Share of the Net Pension Liability	\$7,147,494	\$3,916,345	1,232,685

The actuarial assumptions used in the July 2, 2018 valuation, were based on the results of an actuarial experience study for the period July 1 2008, through June 30, 2013.

HIS Pension Plan

Plan Description- The HIS Pension Plan was established under Section 112.363, Florida Statutes, to provide a monthly payment to assist retirees of state administered retirement systems in paying their health insurance costs.

Plan Administration- The HIS Pension Plan is administered by the State of Florida, Department of Management Services, Division of Retirement. The HIS Pension Plan may be amended by the Florida Legislature at any time.

Plan Benefits- For the fiscal year ended September 30, 2018, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month, pursuant to Section 112.363, Florida Statutes, retirees under a state administered retirement system must provide proof of health insurance coverage to be eligible to receive benefits.

Contributions- The HIS Pension Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members.

CITY OF LIVE OAK, FLORIDA
Notes to the financial statements
September 30, 2018

Note 12 – Employees’ Pension Plans – continued

HIS Pension Plan- continued

Contribution rates remained at 1.66% through the City’s fiscal year. The rate has been 1.66% since October 1, 2015. The City contributed 100% of its statutorily required contributions for the current and preceding three years.

HIS Pension Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Pension Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled.

The City’s contributions to the HIS Pension Plan totaled \$45,176 for the fiscal year ended September 30, 2018.

Net Pension Liability

At September 30, 2018, the City reported the following net pension liability:

	HIS Pension Plan
City's Proportion	0.0072814230%
City's Proportionate Share of Net Pension Liability	\$770,674

The City’s proportionate share of the net pension liability was based on the City’s contributions during the HIS Pension Plan’s fiscal year relative to the contributions of all participating members in the same fiscal year. At June 30, 2018, the City’s proportion increased 0.005701385 from its proportion measured as of June 30, 2016.

Discount Rate

The discount rate used to measure the total pension liability was 3.87% for the HIS Pension Plan’s fiscal year ended June 30, 2018. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Pension Plan sponsor.

Actuarial Assumptions

The total pension liability in the July 1 2018 actuarial valuation, was determined using the individual entry age cost method and the following actuarial assumptions, applied to all periods included in the measurement:

	HIS Pension Plan
Inflation	2.60%
Salary Increases	3.25%
Mortality Table	RP2000
Actuarial Cost Method	Individual Entry Age

The actuarial assumptions used in the July 2, 2018 valuation, were based on the results of an actuarial experience study for the period July 1 2008, through June 30, 2013.

CITY OF LIVE OAK, FLORIDA
Notes to the financial statements
September 30, 2018

Note 12 – Employees’ Pension Plans – continued

HIS Pension Plan- continued

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 current discount rate of 3.87%, 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 (2.87%) or 1-percentage-point higher (4.87%) than the current rate:

	1% Decrease 2.87%	Current Discount Rate 3.87%	1% Increase 4.87%
City’s Proportionate Share of the Net Pension Liability	\$877,753	\$770,674	681,418

FRS Investment Plan

Plan Description- As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the a defined contribution plan, the Investment Plan, in lieu of the FRS defined-benefit plan. City employees participating in DROP are not eligible to participate in the Investment Plan.

Plan Administration- The Investment Plan is administered by the State Board of Administration (SBA), and is reported in the SBA’s annual financial statements and in the State of Florida Comprehensive Annual Financial Report.

Plan Benefits- Service retirement benefits are based upon the value of the member’s account upon retirement. Employer and employee contributions, including amounts contributed to individual members’ accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature.

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to five-years. If the employee returns to FRS-covered employment within the five-year period, the employee will regain control over their account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance.

Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.064% of payroll and by forfeited benefits of Investment Plan members. For the fiscal year ended September 30, 2018, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the City.

After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, leave the funds invested for future distribution, or any combination of these options. Disability coverage is provided; the member may either transfer the account balance to the FRS Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the FRS Pension Plan, or remain in the Investment Plan and rely upon that account balance for retirement income.

CITY OF LIVE OAK, FLORIDA
Notes to the financial statements
September 30, 2018

Note 12 – Employees’ Pension Plans – continued

FRS Investment Plan- continued

Contributions- The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected Officers, etc.) as the FRS Pension Plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Allocations to the investment members’ accounts (employee and employer) during the Investment Plan’s fiscal year ending June 30, 2018, were as follows:

<u>Class</u>	<u>Percent of Gross Compensation</u>
Regular	6.30
Elected Officers	11.34
Senior Management Service	7.67
Special Risk Regular	14.00

The City’s Investment Plan pension expense totaled \$147,535 for the fiscal year ended September 30, 2018.

Additional Disclosures– Defined Benefit Plans

Net Pension Liability

	<u>Firefighters' Plan</u>	<u>FRS</u>	<u>HIS</u>	<u>Total</u>
Net Pension Liability	\$ 152,906	\$ 3,916,345	\$ 770,674	\$ 4,839,925

Deferred Outflows of Resources

	Firefighter's Substitute Pension			Total
	Trust	FRS	HIS	
Employer Contributions				
After Measurement Date		108,981	10,536	119,517
Difference Between Expected and Actual Experience		331,773	11,799	343,572
Changes in Assumptions		1,279,671	85,709	1,365,380
Net Difference Between Projected and Actual Earnings on Investments	40,236		465	40,701
Changes in Proportion and Differences Between City Contributions and Proportionate Share of Contributions		144,615	13,926	158,541
Total Deferred Outflows of Resources	40,236	1,865,040	122,435	2,027,711

CITY OF LIVE OAK, FLORIDA
Notes to the financial statements
September 30, 2018

Note 12 – Employees’ Pension Plans – continued

Additional Disclosures-- Defined Benefit Plans

Deferred Inflows of Resources

	Firefighter's Substitute Pension			Total
	Trust	FRS	HIS	
Difference Between Expected and Actual Experience		12,042	1,309	13,351
Changes in Assumptions			81,482	81,482
Net Difference Between Projected and Actual Earnings on Investments	78,690	302,585		381,275
Changes in Proportion and Differences Between City Contributions and Proportionate Share of Contributions		33,123	56,622	89,745
Total Deferred Inflows of Resources	78,690	347,750	139,413	565,853

The deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending September 30, 2018. Other amounts reported as deferred outflows and inflows of resources related to pension will be recognized in pension expense as follows:

Fiscal Year Ending	Firefighter's Plan Amount	FRS Amount	HIS Amount
2019	13,825	539,152	(1,563)
2020	(20,299)	375,207	(1,603)
2021	(23,355)	64,641	(1,232)
2021	(8,625)	236,837	(7,067)
2022		164,042	(12,770)
Thereafter		28,430	(3,279)
Total	(38,454)	1,408,309	(27,514)

CITY OF LIVE OAK, FLORIDA
Notes to the financial statements
September 30, 2018

Note 12 – Employees’ Pension Plans – continued

Additional Disclosures— Defined Benefit Plans

Pension Expense

For the year ended September 30, 2018, the City recognized pension expense from the defined benefit pension plans as follows:

Firefighter's Plan	23,119
FRS	709,631
HIS	45,176
Total	<u>777,926</u>

Payables to the Pension Plan

At September 30, 2018, the City did not report any payables to the pension plans for the outstanding amount of contributions.

C. Deferred Employee Benefits:

The City provides its employees with two deferred compensation plans, created in accordance with Internal Revenue Code Section 457(b). The assets of these plans are administered by The Legend Group and Pebeco-Nationwide Retirement Solutions. The plans have been amended to include provisions changed by the Economic Growth and Tax Relief Reconciliation Act of 2001. Annual employee contributions of \$7,408 for fiscal year ended September 30, 2018, are optional and determined by the participant as a percentage of compensation. Such contributions may not exceed the lesser of \$16,500 or 100% of gross annual compensation per employee under current federal income taxation regulations. Deferred compensation withheld from a participating employee’s pay is not taxable as current income until withdrawn from the plan. All assets and income of the plan are held in trust for the exclusive benefit of the participants and their beneficiaries. The City made no contributions on its behalf during the year ending September 30, 2018.

Note 13 –Other Post-Employment Benefits (OPEB)

Plan Description

The City of Live Oak’s Retiree Health Care Plan (Plan) is a single-employer defined benefit post-employment health care plan that covers eligible retired employees of the City. The Plan, which is administered by the City, allows employees who retire and meet retirement eligibility requirements under the applicable retirement plan to continue medical insurance coverage as a participant in the City’s plan. For purposes of applying Paragraph 4 under Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, the Plan does not meet the requirements for an OPEB plan administered through a trust. Under certain conditions, eligible individuals also include spouses and dependent children. Foster & Foster Inc. issues a publicly available actuarial report that includes required supplementary information for the City. The report may be obtained by writing to the City, 101 White Ave. SE, Live Oak, Florida 32064, Attention: City Manager

CITY OF LIVE OAK, FLORIDA
Notes to the financial statements
September 30, 2018

Note 13 –Other Post-Employment Benefits (OPEB)- continued

Employees Covered by Benefit Terms-

At October 1, 2017, the following employees were covered by the benefit terms:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	1
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	0
Active Plan Members	56
	57
	57

Benefits Provided

A retired employee and his or her spouse are eligible to continue health insurance identical to active employees if they meet the eligibility for retirements under the applicable Plan. The retiree is responsible for paying the entire monthly premium for health coverage and that of any covered spouse or eligible dependents. Upon reaching age 65, Medicare is assumed to become primary.

TOTAL OPEB LIABILITY

The measurement date is September 30, 2018.

The measurement period for the OPEB expense was October 1, 2017 to September 30, 2018.

The reporting period is October 1, 2017 through September 30, 2018.

The Sponsor's Total OPEB Liability was measured as of September 30, 2018.

Note - The Sponsor's Total OPEB Liability for the City's ledger adjustment was measured as of September 30, 2017 using a discount rate of 3.64%.

Actuarial Assumptions

The Total OPEB Liability was determined by an actuarial valuation as of October 1, 2017 using the following actuarial assumptions:

Inflation	2.50%
Salary Increases	2.50%
Discount Rate	4.18%
Initial Trend Rate	8.50%
Ultimate Trend Rate	4.00%
Years to Ultimate	55

For all lives, mortality rates were RP-2000 Combined Healthy Mortality Tables projected to the valuation date using Projection Scale AA.

Discount Rate

Given the City's decision not to fund the program, all future benefit payments were discounted using a high-quality municipal bond rate of 4.18%. The high-quality municipal bond rate was based on the week closest but not later than the measurement date of the Bond Buyer 20-Bond Index as published by the Federal Reserve. The 20-Bond Index consists of 20 general obligation bonds that mature in 20 years. The average rating of the 20 bonds is roughly equivalent to Moody's Investors Service's Aa2 rating and Standard & Poor's Corp.'s AA.

CITY OF LIVE OAK, FLORIDA
Notes to the financial statements
September 30, 2018

Note 13 –Other Post-Employment Benefits (OPEB) – continued

OPEB Expense

For the year ended September 30, 2018, the Sponsor will recognize OPEB Expense of \$10,831.

CHANGES IN TOTAL OPEB LIABILITY

	Increases and Decreases in Total OPEB Liability
Reporting Period Ending September 30, 2017	\$ 402,294
Changes for a Year:	
Service Cost	22,887
Interest	15,182
Differences Between Expected and Actual Experience	-
Changes of Assumptions	(30,938)
Changes of Benefit Terms	-
Contributions - Employer	-
Benefit Payments	(16,368)
Other Changes	-
Net Changes	(9,237)
Reporting Period Ending September 30 2018	\$ 393,057

Changes of assumptions reflect a change in the discount rate from 3.64% for the fiscal year ending September 30, 2017 to 4.18% for the fiscal year ending September 30, 2018.

Sensitivity of the Total OPEB Liability to changes in the Discount Rate

The following presents the Total OPEB Liability of the Sponsor, as well as what the Sponsor's Total OPEB Liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current discount rate:

	1% Decrease	Current Discount Rate	1% Increase
	3.18%	4.18%	5.18%
Total OPEB Liability (Asset)	\$ 453,114	\$ 393,057	\$ 343,673

Sensitivity of the Total OPEB Liability to changes in the Healthcare Cost Trend Rates

The following presents the Total OPEB Liability of the Sponsor, as well as what the Sponsor's Total OPEB Liability would be if it were calculated using healthcare cost trend rates that are one percentage-point lower or one percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
	3.00 - 7.50%	4.00% - 8.50%	5.00 - 9.50%
Total OPEB Liability (Asset)	\$ 338,422	\$ 393,057	\$ 460,039

CITY OF LIVE OAK, FLORIDA
Notes to the financial statements
September 30, 2018

Note 14 – Legal Matters

The City is engaged in routine litigation incidental to the conduct of its business and municipal affairs. In the opinion of its Counsel, no legal proceedings are pending against them, not covered by insurance, which would inhibit the City's ability to perform its operations or materially affect its financial condition.

Note 15 – Commitments

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal and state governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds(s).

Note 16 – Risk Management

The City of Live Oak is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; error and omissions; injuries to employees; and natural disasters, all of which is satisfactorily insured by general liability insurance. Commercial insurance policies are also obtained for all other risks of loss, including worker's compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

Note 17 – Fund Balance Classifications

In accordance with Governmental Accounting Standards Board Statement 54, Fund Balance Reporting and Governmental Fund Type Definitions, the City classifies governmental fund balances as follows:

Non-Spendable - includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual requirements.

Spendable Fund Balance

- **Restricted** – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.
- **Committed** – includes fund balance amounts that can only be used for specific purposes pursuant to constraints imposed by formal action (e.g., ordinance or resolution) of the organization's governing authority (the City Council). These committed amounts cannot be used for any other purposes unless the City Council removes or changes the specified use by taking the same type of action employed to constrain those amounts.
- **Assigned** – This component of fund balance consists of amounts that are constrained by a less-than-formal action of the organization's governing authority, or by an individual or body to whom the governing authority has delegated this responsibility. In addition residual balances in capital projects and debt service funds are considered assigned for the general purpose of the respective fund.
- **Unassigned** - includes residual fund balance within the General Fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

The City uses restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the City would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

CITY OF LIVE OAK, FLORIDA
Notes to the financial statements
September 30, 2018

Note 18 – Economic Dependency

The City has entered into an agreement with Florida Department of Corrections for providing water and wastewater services to the Suwannee Correctional Institution. The agreement has a term of twenty (20) years, with revenue of \$13,366,440 over the term of the first ten (10) years after which time fees will be renegotiated to be in line with fees for services provided at similar facilities. Suwannee Correctional Institution will remit to the City on a monthly basis \$111,387. This revenue is pledged to support the debt service required for Phase II improvements to the wastewater plant improvements.

During the year ended September 30, 2018 total water and sewer fund operating revenue was \$5,044,441. Of this amount, \$1,336,644 or 26.2% was paid by the State of Florida Department of Corrections associated with the Suwannee Correctional Institution.

During the year-ended September 30, 2018 total gas revenue was \$924,691. Pilgrim's Pride remitted \$319,555 which represents 34% of the total revenue.

Note 19 – Subsequent Events

The following events have been completed or made substantial progress subsequent to September 30, 2018.

The early September 2017 arrival of Hurricane Irma to Florida did leave a destructive impact on the City of Live Oak. We do feel very thankful our staff was outstanding in their ability to keep City services working and our public safety personnel responded to many citizens requests for assistance. Wide spread power outages were endured from several hours up to 6 days. All repairs and debris removal have been completed timely and staff worked with FEMA representatives to complete our reimbursement requests. All projects have been approved for funding and reimbursement funds of \$231,000 will be received in 2019.

Parks –The Suwannee County Live Oak Recreation Department is overseeing a Unique Abilities Park being built at Heritage Park and Gardens. Construction is nearing completion of the unique abilities park at Heritage Park and Gardens. The \$500,000 grant from Florida Recreation Development Assistance Program includes a handicap accessible ball field, playground, fitness walk, parking area, and pavilion. Suwannee/ Live Oak Parks and Recreation will oversee these grants with the City.



Required Supplemental Information

CITY OF LIVE OAK, FLORIDA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes:				
General Property Taxes:				
Ad Valorem Taxes	\$ 1,844,428	\$ 1,844,428	\$ 1,851,063	\$ 6,635
In lieu of Ad Valorem Property Taxes	173,955	173,955	206,683	32,728
Utility Tax	662,000	662,000	675,462	13,462
Fire Fee	290,000	290,000	381,036	91,036
Franchise Fees:				
Power and Light	492,750	492,750	474,040	(18,710)
Telecommunications	232,043	232,043	244,179	12,136
Total Taxes	<u>3,695,176</u>	<u>3,695,176</u>	<u>3,832,463</u>	<u>137,287</u>
Licenses and Permits:				
Business Tax Receipts	100,000	100,000	97,135	(2,865)
Building Permits	50,000	50,000	54,996	4,996
Other	15,000	15,000	16,775	1,775
Total Licenses and Permits	<u>165,000</u>	<u>165,000</u>	<u>168,906</u>	<u>3,906</u>
Intergovernmental Revenues:				
State Shared Revenues:				
Municipal Revenue Sharing	299,838	299,838	228,729	(71,109)
Motor Fuel Tax	71,000	71,000	70,741	(259)
Mobile Home Licenses	3,000	3,000	2,580	(420)
Beverage Tax	4,600	4,600	4,214	(386)
Sales Tax	338,375	338,375	322,613	(15,762)
Firefighter Suppliment	2,640	2,640	4,045	1,405
Fuel Tax Refund	7,000	7,000	7,456	456
EPA Brownsfield Grant	182,000	182,000	149,300	(32,700)
Local Source:				
Training Grant CareerSource N.F.	20,000	20,000	13,370	(6,630)
Housing Authority in Lieu	23,000	23,000	21,889	(1,111)
Total Intergovernmental Revenues	<u>951,453</u>	<u>951,453</u>	<u>824,937</u>	<u>(126,516)</u>
Charges for Services:				
Pound Fees	1,500	1,500	450	(1,050)
Traffic Assistance	80,000	80,000	80,978	978
Right-of-way Maintenance - D.O.T.	58,560	58,560	58,560	-
Zoning Fees	5,000	5,000	7,700	2,700
Miscellaneous	4,200	4,200	4,887	687
Total Charges for Services	<u>149,260</u>	<u>149,260</u>	<u>152,575</u>	<u>3,315</u>
Fines and Forfeitures	15,100	15,100	24,722	9,622
Miscellaneous Revenues:				
Interest	500	500	2,300	1,800
Tower Rental	47,000	47,000	50,883	3,883
Cemetery Lots	25,000	25,000	38,150	13,150
Sales of fixed assets	1,000	1,000	5,038	4,038
Other	2,500	2,500	22,482	19,982
Total Miscellaneous Revenues	<u>76,000</u>	<u>76,000</u>	<u>118,853</u>	<u>42,853</u>
Total Revenues	<u>5,051,989</u>	<u>5,051,989</u>	<u>5,122,456</u>	<u>70,467</u>

CITY OF LIVE OAK, FLORIDA
BUDGET COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		
Expenditures:				
General Government:				
Legislative:				
Personal Services	\$ 192,036	\$ 192,036	\$ 170,399	\$ 21,637
Operating Expenses	39,500	39,500	28,796	10,704
	<u>231,536</u>	<u>231,536</u>	<u>199,195</u>	<u>32,341</u>
Financial and Administrative:				
Personal Services	1,010,364	1,010,364	975,336	35,028
Operating Expenses	652,075	652,075	449,268	202,807
Capital Outlay	96,500	96,500	33,467	63,033
	<u>1,758,939</u>	<u>1,758,939</u>	<u>1,458,071</u>	<u>300,868</u>
Total General Government	<u>1,990,475</u>	<u>1,990,475</u>	<u>1,657,266</u>	<u>333,209</u>
Public Safety:				
Law Enforcement:				
Personal Services	1,474,353	1,474,353	1,204,714	269,639
Operating Expenses	204,850	204,850	205,566	(716)
Capital Outlay	128,800	128,800	89,072	39,728
	<u>1,808,003</u>	<u>1,808,003</u>	<u>1,499,352</u>	<u>308,651</u>
Fire Protection:				
Personal Services	1,105,980	1,105,980	1,052,048	53,932
Operating Expenses	130,730	130,730	103,644	27,086
Capital Outlay	18,000	18,000	15,710	2,290
	<u>1,254,710</u>	<u>1,254,710</u>	<u>1,171,402</u>	<u>83,308</u>
Inspection and Code Enforcement:				
Personal Services	146,322	146,322	119,499	26,823
Operating Expenses	27,000	27,000	27,981	(981)
Capital Outlay	44,000	44,000	40,938	3,062
	<u>217,322</u>	<u>217,322</u>	<u>188,418</u>	<u>28,904</u>
Animal Control:				
Personal Services	41,281	41,281	36,348	4,933
Operating Expenses	13,250	13,250	9,699	3,551
Capital Outlay	6,000	6,000	5,865	135
	<u>60,531</u>	<u>60,531</u>	<u>51,912</u>	<u>8,619</u>
Total Public Safety	<u>3,340,566</u>	<u>3,340,566</u>	<u>2,911,084</u>	<u>429,482</u>

CITY OF LIVE OAK, FLORIDA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018
(Concluded)

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		
Expenditures <i>(Concluded)</i>				
Transportation:				
Road and Street Facilities:				
Operating Expenses	\$ 1,468,751	\$ 1,468,751	\$ 1,351,196	\$ 117,555
Capital Outlay	754,200	754,200	133,777	620,423
	<u>2,222,951</u>	<u>2,222,951</u>	<u>1,484,973</u>	<u>737,978</u>
 Economic Development				
Operating Expenses	182,000	182,000	159,145	22,855
	<u>182,000</u>	<u>182,000</u>	<u>159,145</u>	<u>22,855</u>
 Culture and Recreation				
Operating Expenses	207,357	207,357	204,978	2,379
	<u>207,357</u>	<u>207,357</u>	<u>204,978</u>	<u>2,379</u>
 Physical Environment:				
Operating Expenses	226,331	226,331	224,087	2,244
	<u>226,331</u>	<u>226,331</u>	<u>224,087</u>	<u>2,244</u>
 Human Services:				
Operating Expenses	29,750	29,750	29,750	-
	<u>29,750</u>	<u>29,750</u>	<u>29,750</u>	<u>-</u>
 Total Expenditures	<u>8,199,430</u>	<u>8,199,430</u>	<u>6,671,283</u>	<u>1,528,147</u>
Excess (Deficiency) Revenues Over (Under)				
Expenditures	<u>(3,147,441)</u>	<u>(3,147,441)</u>	<u>(1,548,827)</u>	<u>1,598,614</u>
Other Financing Sources (Uses)				
Transfers from:				
Infrastructure Fund	793,800	793,800	228,850	(564,950)
Capital Projects Fund	630,200	630,200	362,000	(268,200)
Water and Sewer Utility Fund	1,410,169	1,410,169	1,410,169	-
Stormwater Fund	23,589	23,589	21,623	(1,966)
Gas Utility Fund	192,832	192,832	189,798	(3,034)
Sanitation Fund	341,851	341,851	341,851	-
Transfers to:				
Community Redevelopment Tax Fund	<u>(245,000)</u>	<u>(245,000)</u>	<u>(239,834)</u>	<u>5,166</u>
Total Financing Sources (Uses)	<u>3,147,441</u>	<u>3,147,441</u>	<u>2,314,457</u>	<u>(832,984)</u>
Excess (Deficiency) of Revenue and Other sources Over (Under)				
Expenditures and Other Uses	-	-	765,630	765,630
Fund Balance, Beginning of Year	-	-	927,098	927,098
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,692,728</u>	<u>\$ 1,692,728</u>

*Budgetary control is exercised at function level. See page 36 for more information.

**CITY OF LIVE OAK, FLORIDA
BUDGETARY COMPARISON SCHEDULE
COMMUNITY REDEVELOPMENT TAX FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 245,816	\$ 245,816	\$ 242,170	\$ (3,646)
Interest Earned	1,000	1,000	4,978	3,978
Total Revenues	<u>246,816</u>	<u>246,816</u>	<u>247,148</u>	<u>332</u>
Expenditures				
General Government	214,755	214,755	269,863	(55,108)
Physical Environment	203,725	203,725	1,696	202,029
Recreation	13,500	13,500	12,717	783
Economic Environment	298,600	298,600	43,834	254,766
Capital Outlay				
General Government	287,413	287,413	95,371	192,042
Transportation	-	-	-	-
Physical Environment	-	-	-	-
Recreation	15,000	15,000	15,000	-
Human Services	-	-	-	-
Total Expenditures	<u>1,032,993</u>	<u>1,032,993</u>	<u>438,481</u>	<u>594,512</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(786,177)</u>	<u>(786,177)</u>	<u>(191,333)</u>	<u>594,180</u>
Other Financing Resources (Uses)				
Transfers in				
General Fund	245,000	245,000	239,834	(5,166)
Total Other Financing Sources (Uses)	<u>245,000</u>	<u>245,000</u>	<u>239,834</u>	<u>(5,166)</u>
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures	<u>(541,177)</u>	<u>(541,177)</u>	<u>48,501</u>	<u>589,014</u>
Fund Balance, Beginning of Year	<u>541,177</u>	<u>541,177</u>	<u>645,097</u>	<u>103,920</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 693,598</u>	<u>\$ 693,598</u>

CITY OF LIVE OAK, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SUBSTITUTE FIREFIGHTER PENSION PLAN
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RELATIONS

Last 10 Fiscal Years

	9/30/2018	9/30/2017	9/30/2016	9/30/2015	9/30/2014	9/30/2013
Total Pension Liability						
Service Cost	-	-	-	-	-	-
Interest	141,363	142,480	135,680	138,318	141,696	145,003
Change in Funding Standard Account	-	-	-	-	-	-
Changes of Benefit Terms	-	-	-	-	-	-
Differences Between Expected and Actual Experience	-21,441	26,766	27,974	15,106	0	0
Changes in Assumptions	-	-	115,424	-	-	-
Benefit Payments, Including Refunds of Employee Contributions	(183,822)	(184,462)	(192,342)	(184,871)	(188,607)	(189,562)
Net Change in Total Pension Liability	(63,900)	(15,216)	86,736	(31,447)	(46,911)	(44,559)
Total Pension Liability - Beginning	1,976,751	1,991,967	1,905,231	1,936,678	1,983,589	2,028,148
Total Pension Liability - Ending (a)	\$1,912,851	\$1,976,751	\$1,991,967	\$1,905,231	\$1,936,678	\$1,983,589
Plan Fiduciary Net Position						
Contributions - Employer	57,179	56,011	43,177	27,114	25,454	52,589
Contributions - State	-	-	-	-	-	-
Contributions - Employee	-	-	-	-	-	-
Contributions - Buy Back	-	-	-	-	-	-
Net Investment Income	167,912	194,641	108,639	-32,672	152,834	231,740
Benefit Payments, Including Refunds of Employee Contributions	(183,822)	(184,462)	(192,342)	(184,871)	(188,607)	(189,562)
Administrative Expense	(17,008)	(15,879)	(1,837)	0	(1,910)	(1,837)
Other	-	-	-	-	-	-
Net Change in Plan Fiduciary Net Position	24,261	50,311	(42,363)	(190,429)	(12,229)	92,930
Plan Fiduciary Net Position - Beginning	1,735,683	1,685,373	1,727,736	1,918,165	1,930,394	1,837,464
Plan Fiduciary Net Position - Ending (b)	\$1,759,944	\$1,735,683	\$1,685,373	\$1,727,736	\$1,918,165	\$1,930,394
Net Pension Liability - Ending (a) - (b)	\$152,906	\$241,067	\$306,594	\$177,495	\$18,513	\$53,195
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	92.01%	87.80%	84.61%	90.68%	99.04%	97.32%

Notes to Schedule:

Differences between the plan fiduciary net position presented above and the amounts presented in the financial statements are due to certain accruals which are the result of timing differences.

These differences are not considered to be significant.

The schedule above will build to 10 years as information becomes available.

Changes of assumptions

For measurement date 09/30/2016, as a result of Chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed to the assumptions used by the Florida Retirement System for special risk employees. The inflation assumption rate was lowered from 3.00% to 2.50%, matching the long-term inflation assumption utilized by the Plan's investment consultant.

CITY OF LIVE OAK, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SUBSTITUTE FIREFIGHTER PENSION PLAN
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RELATIONS
Last 10 Fiscal Years - continued

<u>Fiscal Year Ended</u>	<u>Actuarially Determined Contribution</u>	<u>Contributions in relation to the Actuarially Determined Contributions</u>	<u>Contributions Deficiency (Excess)</u>
9/30/2018	\$ 57,179	\$ 57,179	\$ -
9/20/2017	\$ 56,011	\$ 56,011	\$ -
9/30/2016	\$ 43,177	\$ 43,177	\$ -
9/30/2015	\$ 25,887	\$ 25,887	\$ (1,227)
9/30/2014	\$ 25,454	\$ 25,454	\$ -
9/30/2013	\$ 52,568	\$ 52,568	\$ (21)

Differences between the actuarial determined contribution above and the amounts presented in the financial statements are due to certain accruals that resulted in timing differences. These timing differences were not considered to be significant.

Notes to Schedule

Valuation Date: 10/1/2017
Actuarially determined contribution rates are calculated as of October 1, one year prior to the end of the fiscal year which contributions are reported.

Methods and assumptions used to determine contribution rates:

Funding Method: Aggregate Actuarial Cost Method
Amortization Method: n/a
Asset Method: Fair Market Value
Interest Rate: 7.5% per year compounded annually, gross of investment-related expenses. This is supported by the target asset class allocation of the trust and the expected long-term return by asset class.
Payroll Growth: none
Mortality: Males: RP-2000 Table with no projection - (Disabled lives set forward 5 years). Actuaries believe this sufficiently accounts for future mortality improvements.

SCHEDULE OF INVESTMENT RETURNS

Last 10 Fiscal Years

<u>Fiscal Year Ended</u>	<u>Annual Money-Weighted Rate of Return Net of Investment Expense</u>
9/30/2018	9.99%
9/30/2017	12.06%
9/30/2016	6.56%
9/30/2015	-1.76%
9/30/2014	8.29%
9/30/2013	14.10%

The above schedules will build to 10 years as information becomes available.

**CITY OF LIVE OAK, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CITY'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
FLORIDA RETIREMENT SYSTEM AND HEALTH INSURANCE SUBSIDY PENSION PLANS**

FLORIDA RETIREMENT SYSTEM PENSION PLAN

	<u>9/30/2018</u>	<u>9/30/2017</u>	<u>9/30/2016</u>	<u>9/30/2015</u>
City's Proportion of the FRS Net Pension Plan	0.013002250%	0.012486026%	0.012796910%	0.012608384%
City's Proportionate Share of the FRS Net Pension Plan	3,916,345	3,693,283	3,231,230	1,628,542
City's Covered-Employee Payroll (9/30)	2,396,262	2,015,895	1,490,336	1,737,938
City's Proportionate Share of the FRS Net Pension Liability as a Percentage of its Covered- Employee Payroll	163.44%	183.21%	216.81%	93.71%
FRS Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	84.26%	83.89%	84.88%	92.00%

Note: the amounts shown above as reported on the date indicated, have a measurement date three months prior. Covered-employee payroll is for the year shown.

HEALTH INSURANCE SUBSIDY PENSION PLAN

	<u>9/30/2018</u>	<u>9/30/2017</u>	<u>9/30/2016</u>	<u>9/30/2015</u>
City's Proportion of the HIS Net Pension Plan	0.007281423%	0.007166783%	0.007344800%	0.007969916%
City's Proportionate Share of the HIS Net Pension Plan	770,674	766,305	856,011	812,806
City's Covered-Employee Payroll (9/30)	2,396,262	2,015,895	1,490,336	1,737,938
City's Proportionate Share of the HIS Net Pension Liability as a Percentage of its Covered- Employee Payroll	32.16%	38.01%	57.44%	46.77%
HIS Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	2.15%	1.64%	0.97%	0.99%

Note: the amounts shown above as reported on the date indicated, have a measurement date three months prior. Covered-employee payroll is for the year shown.

**CITY OF LIVE OAK, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CITY'S CONTRIBUTIONS
FLORIDA RETIREMENT SYSTEM AND HEALTH INSURANCE SUBSIDY PENSION PLANS
SEPTEMBER 30, 2018**

FLORIDA RETIREMENT SYSTEM PENSION PLAN

	<u>9/30/2018</u>	<u>9/30/2017</u>	<u>9/30/2016</u>	<u>9/30/2015</u>
Contractually Required Contribution	385,401	323,424	330,190	310,709
FRS Contribution in Relation to the Contractually Required Contribution	<u>(385,401)</u>	<u>(323,424)</u>	<u>(330,190)</u>	<u>(310,709)</u>
FRS Contribution Deficiency (Excess)	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
City's Covered-Employee Payroll (FYE 9/30)	2,396,262	2,015,895	1,490,336	1,737,938
FRS Contributions as a Percentage of Covered-Employee Payroll	16.08%	16.04%	22.16%	17.88%

HEALTH INSURANCE SUBSIDY PENSION PLAN

	<u>9/30/2018</u>	<u>9/30/2017</u>	<u>9/30/2016</u>	<u>9/30/2015</u>
Contractually Required Contribution	39,826	38,729	37,683	32,416
HIS Contribution in Relation to the Contractually Required Contribution	<u>(39,826)</u>	<u>(38,729)</u>	<u>(37,683)</u>	<u>(32,416)</u>
HIS Contribution Deficiency (Excess)	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
City's Covered-Employee Payroll (FYE 9/30)	2,396,262	2,015,895	1,490,336	1,737,938
HIS Contributions as a Percentage of Covered-Employee Payroll	1.66%	1.92%	2.53%	1.87%

Notes to Schedule:

The above schedules will build to 10 years as information becomes available.

CITY OF LIVE OAK
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE SPONSOR'S TOTAL OPEB LIABILITY AND RELATED RATIOS

Reporting Period Ending	
Measurement Date	9/30/2018
Total OPEB Liability	
Service Cost	22,887
Interest	15,182
Changes of benefit terms	-
Differences between Expected and Actual Experience	-
Changes of Assumptions	(30,938)
Benefit Payments	(16,368)
Net Change in Total OPEB Liability	(9,237)
Total OPEB Liability - Beginning	402,294
Total OPEB Liability - Ending	<u>\$ 393,057</u>
Covered Employee Payroll*	\$ 2,259,970
	17.39%

*FY 2018 Covered Payroll, projected based on actual FY2017 Covered Payroll

Notes to Schedule:

Changes of assumptions

Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

Fiscal Year Ending September 30, 2018:	4.18%
Fiscal Year Ending September 30, 2017:	3.64%

Combining and Individual Fund Financial Statements

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

	CDBG Fund	Special Projects Fund	State Grant Fund	Victim's Advocate Fund	Public Safety Fund	Total
Assets						
Cash and cash equivalents		\$ -		\$ -	\$ 2,673	2,673
Due from other governments	477,495	7,326	\$ 23,800	5,416	-	514,037
Total Assets	<u>477,495</u>	<u>7,326</u>	<u>23,800</u>	<u>5,416</u>	<u>2,673</u>	<u>516,710</u>
Liabilities and Fund Balances:						
Liabilities:						
Accounts payable and other current liabilities	118,379	-	-	-	-	-
Due to other funds/internal balance	359,116	7,326	23,800	5,416	-	395,658
Total Liabilities	<u>477,495</u>	<u>7,326</u>	<u>23,800</u>	<u>5,416</u>	<u>-</u>	<u>514,037</u>
Fund Balances:						
Reserved for:						
Law enforcement	-	-	-	-	2,673	2,673
Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,673</u>	<u>2,673</u>
Total Liabilities and Fund Balances	<u>\$ 477,495</u>	<u>\$ 7,326</u>	<u>\$ 23,800</u>	<u>\$ 5,416</u>	<u>\$ 2,673</u>	<u>\$ 516,710</u>

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

	Special Projects Fund	CDBG Fund	State Grant Fund	Victim's Advocate Fund	Public Safety Fund	Total
Revenues:						
Intergovernmental	\$ 33,143	\$ 486,995	\$ 119,886	\$ 7,050	\$ -	\$ 647,074
Fines and Forfeitures	-		-	-	1,521	1,521
Interest	-		-	-	1	1
Total Revenues	<u>33,143</u>	<u>486,995</u>	<u>119,886</u>	<u>7,050</u>	<u>1,522</u>	<u>648,596</u>
Expenditures:						
General Government			-			-
Public Safety	33,143	-		7,050	7,009	47,202
Transportation		483,233				483,233
Recreation			119,886			119,886
Stormwater		-				-
Total Expenditures	<u>33,143</u>	<u>483,233</u>	<u>119,886</u>	<u>7,050</u>	<u>7,009</u>	<u>650,321</u>
(Deficiency) excess of revenues over (under) expenditures	<u>-</u>	<u>3,762</u>	<u>-</u>	<u>-</u>	<u>(5,487)</u>	<u>(1,725)</u>
Other financing sources (uses):						
Transfers in	-	23,132	-	-	-	23,132
Transfers out	-	(26,894)		-	-	(26,894)
Total other financing sources (uses)	<u>-</u>	<u>(3,762)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,762)</u>
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>-</u>	<u>-</u>		<u>-</u>	<u>(5,487)</u>	<u>(5,487)</u>
Fund Balances, Beginning of Year	<u>-</u>		<u>-</u>	<u>-</u>	<u>8,160</u>	<u>8,160</u>
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,673</u>	<u>\$ 2,673</u>

Capital Assets

Used in the Operation of Governmental Funds

CITY OF LIVE OAK, FLORIDA
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
COMPARATIVE SCHEDULES BY SOURCE
SEPTEMBER 30, 2018 AND 2017

	2018	2017
Governmental Funds Capital Assets:		
Land	1,819,051	1,709,038
Buildings	4,081,370	4,054,268
Improvements other than buildings	1,711,265	1,545,957
Machinery and equipment	4,552,381	4,472,909
Infrastructure	6,516,197	6,516,197
Construction work in progress	648,289	121,151
Total governmental fund capital assets	19,328,553	18,419,520
Investments in Governmental Funds Capital Assets by Source:		
General Fund	8,519,696	8,365,188
Special Revenue Funds	1,104,844	626,491
Capital Projects Fund	76,366	76,366
Federal, State, and County Grants	6,520,263	6,314,091
General Obligation Bonds	359,781	359,781
Grants and other contributed capital	2,747,603	2,677,603
Total investment in governmental funds capital assets	19,328,553	18,419,520

CITY OF LIVE OAK, FLORIDA
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

Function and Activity	Land	Buildings	Improve- ments Other Than Buildings	Machinery and Equipment	Infra- structure	Constructi on Work in Progress	Total
General Government:							
Legislative	\$ -	\$ -	\$ -	\$ 33,137	\$ -	\$ -	33,137
Financial and Administrative	1,487,223	2,236,273	436,434	596,756	-	-	4,756,686
	<u>1,487,223</u>	<u>2,236,273</u>	<u>436,434</u>	<u>629,893</u>	<u>-</u>	<u>-</u>	<u>4,789,823</u>
Public Safety:							
Police protection	40,000	676,909	-	1,002,214	-	-	1,719,123
Protective Insp.	40,000	445,105	-	53,305	-	-	538,410
Fire protection	35,576	641,471	-	1,761,744	-	-	2,438,791
	<u>115,576</u>	<u>1,763,485</u>	<u>-</u>	<u>2,817,263</u>	<u>-</u>	<u>-</u>	<u>4,696,324</u>
Transportation:							
Roads and Streets Facilities	174,013	-	-	1,028,926	5,449,905	648,289	7,301,133
Maintenance	-	65,436	-	76,299	-	-	141,735
	<u>174,013</u>	<u>65,436</u>	<u>-</u>	<u>1,105,225</u>	<u>5,449,905</u>	<u>648,289</u>	<u>7,442,868</u>
Physical Environment:							
Cemetery	42,239	16,176	-	-	-	-	58,415
Other	-	-	1,274,831	-	1,066,292	-	2,341,123
	<u>42,239</u>	<u>16,176</u>	<u>1,274,831</u>	<u>-</u>	<u>1,066,292</u>	<u>-</u>	<u>2,399,538</u>
Total governmental Capital Assets	<u>\$ 1,819,051</u>	<u>\$ 4,081,370</u>	<u>\$ 1,711,265</u>	<u>\$ 4,552,381</u>	<u>\$ 6,516,197</u>	<u>\$ 648,289</u>	<u>\$ 19,328,553</u>

CITY OF LIVE OAK, FLORIDA
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

Function and Activity	Governmental Funds Capital Assets 09/30/2017	Additions	Deletions	Governmental Funds Capital Assets 09/30/2018
General Government:				
Legislative	\$ 33,137	\$ -	\$ -	\$ 33,137
Financial and Administrative	4,596,952	156,734	3,000	4,756,686
	<u>4,484,325</u>	<u>156,734</u>	<u>3,000</u>	<u>4,789,823</u>
Public Safety:				
Police protection	1,763,290	94,937	(139,104)	1,719,123
Protective Inspection	527,550	40,939	(30,079)	538,410
Fire protection	2,482,486	15,710	(59,405)	2,438,791
	<u>4,733,756</u>	<u>151,586</u>	<u>(228,588)</u>	<u>4,696,324</u>
Transportation:				
Roads and Streets Facilities	6,676,573	679,733	(55,173)	7,301,133
Maintenance	105,302	18,179	18,254	141,735
	<u>4,259,366</u>	<u>697,912</u>	<u>(36,919)</u>	<u>7,442,868</u>
Physical Environment:				
Cemetery	58,415	-	-	58,415
Other	2,175,815	116,418	48,890	2,341,123
	<u>2,223,938</u>	<u>116,418</u>	<u>48,890</u>	<u>2,399,538</u>
Total governmental funds capital assets	<u>\$ 15,701,385</u>	<u>\$ 1,122,650</u>	<u>\$ (213,617)</u>	<u>\$ 19,328,553</u>

**ADDITIONAL ELEMENTS OF REPORT PREPARED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS, ISSUED BY THE COMPTROLLER
GENERAL OF THE UNITED STATES AND THE RULES OF THE AUDITOR
GENERAL OF THE STATE OF FLORIDA**

CITY OF LIVE OAK
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FISCAL YEAR ENDED SEPTEMBER 30, 2018

Federal Agency Pass-through Entity Federal Program Project	CFDA#	Contract/Grant Number	Expenditures
USDA/Rural Development Community Facilities Loan and Grants	10.766	Sanitation Truck Purchase	83,700
U.S. Environmental Protection Agency Brownsfield Assessment & Cleanup Coop. Agreements	66.818	BF-00D32015-0	149,300
Indirect Programs: U.S. Department of Justice Passed through Florida Department of Law Enforcement Bullet Proof Vest Grant	16.607		5,751
Pass through the Office of the Attorney General Victim's Advocate Victims of Crime Act (VOCA)	16.575	Live Oak Police Dept-00902	7,050
National Highway Traffic Safety Administration Pass through the Florida Department of Transportation LOPD Occupant Protection 2018	20.616	G0Q58	9,096
LOPD Speed and Aggressive Driving 2018	20.600	G0P47	18,296
U.S. Department of Housing and Urban Development Pass through State of Florida Department of Economic Opportunity	14.228	17-DB-OL-03-71-02-N31	486,995
Total Expenditures of Federal Awards			<u>760,188</u>
State Agency Pass-through Entity	CSFA#	Contract/Grant Number	Expenditures
Florida Department of Environmental Protection Florida Recreation Development Assistant Program Unique Ability	37.017	U7013	18,800
Florida Recreation Development Assistant Program Hale Park Phase I	37.017	A6028	26,077
Florida Recreation Development Assistant Program Hale Park Phase II	37.107	A6026	25,025
Florida Recreation Development Assistant Program Heritage Park Phase II	37.107	A71004	49,984
Total Expenditures of State Financial Assistance			<u>119,886</u>
Total Expenditures of Federal Awards and State Financial Assistance			<u>880,074</u>

**CITY OF LIVE OAK, FLORIDA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE PROJECTS
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards and state financial assistance includes the federal and state grant activity of the City of Live Oak, Florida. Expenditures are recognized on the modified accrual basis for governmental funds and the full accrual basis of accounting for proprietary funds. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

2. Contingency

Grant expenditures are subject to audit and adjustment. If any expenditure were to be disallowed by the grantor agency as the result of such an audit, any claim or reimbursement to the grantor agency would become a liability of the City. In the opinion of management, all project expenditures included on the accompanying schedule are in compliance with the terms of the project agreements and applicable.

3. Loans Outstanding

The City of Live Oak, Florida had the following loan balance outstanding at September 30, 2018. There were no loan expenditures incurred during the year ended September 30, 2018.

All FDEP Program Title Expenditures Loan Amounts

U.S. Department of Environmental Protection	CFDA No.	Outstanding
State Revolving Fund Loan No. WW66206P	66.458	484,758
State Revolving Fund Loan No. WW662080	66.458	1,693,363
State Revolving Fund Loan No. WW662111	66.458	8,723,927
State Revolving Fund Loan No. WW662110	66.458	163,855
State Revolving Fund Loan No. WW610201	66.458	99,825
State Revolving Fund Loan No. WW610220	66.458	1,455,929
State Revolving Fund Loan No. WW610200	66.458	917,397
State Revolving Fund Loan No. WW66207P	66.458	80,127
State Revolving Fund Loan No. WW662070	66.458	361,326
State Revolving Fund Loan No. DW610211	66.458	283,423
State Revolving Fund Loan No. DW610210	66.458	313,444
Total		14,577,374

4. De Minimis Indirect Cost Rate Election

The City of Live Oak, Florida did not elect to use the 10% de minimis indirect cost rate as covered in §200.414, *Indirect (F&A) costs*, of the Uniform Guidance.

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

The Honorable Mayor and
Members of the Council
City of Live Oak
Live Oak, Florida

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Live Oak, Florida (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 and have issued our report thereon dated May 7, 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 circumstance 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a 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.

Certified Public Accountants

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The Honorable Mayor and
Members of the Council
City of Live Oak
Live Oak, Florida

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

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 City's internal control or on compliance. This report is an integral part of audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Purvis, Gray and Company, LLP

May 7, 2019
Tallahassee, Florida

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH
MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

The Honorable Mayor and
Members of the Council
City of Live Oak
Live Oak, Florida

Report on Compliance for Each Major Federal Program

We have audited the City of Live Oak, Florida's (the City) compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on each of the City's major Federal programs for the fiscal year ended September 30, 2018. The City's major Federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with Federal Statutes, regulations, and the terms and conditions of its Federal awards applicable to its Federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major Federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major Federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the fiscal year ended September 30, 2018.

Certified Public Accountants

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The Honorable Mayor and
Members of the Council
City of Live Oak
Live Oak, Florida

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH
MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE
(Concluded)**

Report on Internal Control Over Compliance

City management is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major Federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major Federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Purvis, Gray and Company, LLP

May 7, 2019
Tallahassee, Florida

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2018
CITY OF LIVE OAK, FLORIDA**

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified
Internal Control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None Reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major Federal Programs:	
Material weakness(es) identified?	No
Significant deficiencies identified?	None Reported
Type of auditors' report issued on compliance for major Federal programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No
Identification of major Federal Programs:	
Community Development Block Grant	<u>CFDA Number</u> 14.228
Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low risk auditee?	No

SECTION II - FINANCIAL STATEMENT FINDINGS

No matters are reported.

SECTION III - FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

No matters are reported.

SECTION IV - SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

There was no federal single audit requirement in the prior year, therefore, no matters were reported.

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE
WITH SECTION 218.415, FLORIDA STATUTES**

The Honorable Mayor and
Members of the Council
City of Live Oak
Live Oak, Florida

We have examined the City of Live Oak, Florida's (the City) compliance with the requirements of Section 218.415, Florida Statutes, as of and for the year ended September 30, 2018, as required by Section 10.556(10)(a), *Rules of the Auditor General*. Management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the City complied, in all material respects, with the requirements referenced above. An examination involves performing procedures to obtain evidence about whether the City complied with the specified requirements. The nature, timing, and extent of procedures selected depend on our judgement, including an assessment of the risk of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide legal determination of the City's compliance with specified requirements.

In our opinion, the City complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2018.

This report is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, the City, and management, and is not intended to be, and should not be, used by anyone other than these specified parties.

Purvis, Gray and Company, LLP

May 7, 2019
Tallahassee, Florida

Certified Public Accountants

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MANAGEMENT LETTER

The Honorable Mayor and
Members of the Council
City of Live Oak
Live Oak, Florida

Report on the Financial Statements

We have audited the financial statements of the City of Live Oak, Florida (the City) as of and for the year ended September 30, 2018, and have issued our report thereon dated May 7, 2019.

Auditors' Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.550, *Rules of the Auditor General*.

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditors' Report on Compliance for Each Major Federal Program and Report on Internal Control and Compliance; Schedule of Findings and Questioned Costs; and Independent Accountants' Report on an examination conducted in accordance with AICPA Professional Standards, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports, which are dated May 7, 2019, should be considered in conjunction with this management letter.

Prior Audit Findings

- Section 10.554(1)(i)1., *Rules of the Auditor General*, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no such findings or recommendations in the preceding financial audit report.

Official Title and Legal Authority

- Section 10.554(1)(i)4., *Rules of the Auditor General*, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The City of Live Oak, Florida, is a municipal corporation created by Charter appearing as Chapter 21361, Page 1008 Laws of Florida, 1941, which became law on June 16, 1941.

Certified Public Accountants

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MEMBERS OF AMERICAN AND FLORIDA INSTITUTES OF CERTIFIED PUBLIC ACCOUNTANTS
MEMBER OF AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS PRIVATE COMPANIES AND S.E.C. PRACTICE SECTIONS

The Honorable Mayor and
Members of the Council
City of Live Oak
Live Oak, Florida

MANAGEMENT LETTER
(Concluded)

Financial Condition and Management

- Sections 10.554(1)(i)5.a. and 10.556(7), *Rules of the Auditor General*, require that we apply appropriate procedures and communicate the results of our determination as to whether or not the City has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific conditions met. In connection with our audit, we determined that the City did not meet any of the conditions described in Section 218.503(1), Florida Statutes.
- Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), *Rules of the Auditor General*, we applied financial condition assessment procedures for the City. It is management's responsibility to monitor the City's financial condition, and our financial condition assessment was based in part on representations made by management and review of financial information provided by same.
- Section 10.554(1)(i)2., *Rules of the Auditor General*, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Special District Component Units

- Section 10.554(1)(i)5.c., *Rules of the Auditor General*, requires, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide the financial information necessary for proper reporting of the component unit within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we did not note any special district component units that failed to provide the necessary information for reporting in accordance with Section 218.39(3)(b), Florida Statutes.

Additional Matters

- Section 10.554(1)(i)3., *Rules of the Auditor General*, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Mayor and Members of the Council, and applicable management, and is not intended to be, and should not be, used by anyone other than these specified parties.

We wish to take this opportunity to thank you and your staff for the cooperation and courtesies extended to us during the course of our audit. Please let us know if you have any questions or comments concerning this letter, our accompanying reports, or other matters.



May 7, 2019
Tallahassee, Florida