

CITY OF LIVE OAK

101 White Avenue S.E.

Live Oak, Florida, 32064

Audited Financial Statements and
Independent Auditors Report
Year ended 9/30/2020



**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORTS

CITY OF LIVE OAK, FLORIDA

SEPTEMBER 30, 2020**

CITY OF LIVE OAK, FLORIDA

CITY OFFICIALS

September 30, 2020

<u>Officials</u>	Elected Term Expiration
<u>Mayor</u>	
Frank C. Davis	June 2022
<u>City Council</u>	
Don Allen	June 2024
David Burch	June 2024
Robintina Reed	June 2022
Mark Stewart	June 2022
Lynda Brown Owens	June 2024
<u>City Clerk</u>	
John Gill	June 2022
<u>City Attorney</u>	
Fred Koberlein, Attorney at Law	
<u>City Administration</u>	
Ron E. Williams	City Manager (resigned 1/3/2021)
George D. Curtis	City Manager (current)
Joanne M. Luther	Director of Finance

CITY OF LIVE OAK, FLORIDA
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INDEPENDENT AUDITOR'S 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, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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An Independent Member of the BDO Alliance USA

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

INDEPENDENT AUDITOR'S REPORT

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, 2020, and the respective changes in financial position and, where applicable, cash flows, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis 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 non-major fund financial statements on pages 79 through 80, the capital asset schedules on pages 82 through 84, and the schedule of expenditures of federal awards and state financial assistance on page 86 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund financial statements and 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 non-major 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 AUDITOR'S REPORT

The capital asset schedules on pages 82 through 84 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 June 1, 2021, 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.



June 1, 2021
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, 2020, with selected comparative information for the fiscal year ended September 30, 2019. 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 resources of the City of Live Oak exceed its liabilities and deferred inflows resources at the close of fiscal year 2020 by \$60,257,291 (net position). Requirements of GASB 68 ensure that all long-term debt is reflected in Net Position, therefore with the GASB 68 reporting the 2020 Governmental Activities Unrestricted Net Position is (\$3,209,904).
- The City's total net position increased by \$212,919 or .004%. The governmental activities net position decreased by (\$116,805) including the current adjustment for GASB 68 long-term pension debt and the business-type net position increased by \$329,781 or (.01%) and .0074% respectively.
- At the closing of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$8,327,781 an increase of \$815,782 in comparison with the prior year. At that time, \$2,409,781 is at the government's discretion (unassigned 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 16 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 22 to 23 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 26 to 27 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 29 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 69.

The combining statements referred to earlier in connection with non-major governmental funds can be found beginning on page 79 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 %
	2020	2019	2020	2019	2020	2019	Change 2019-2020
Current and other assets	8,763,328	7,782,083	3,893,710	3,440,513	12,657,038	11,222,596	12.8%
Capital assets	13,051,387	13,142,888	53,833,250	55,545,805	66,884,637	68,688,693	-2.6%
Total assets	<u>21,814,715</u>	<u>20,924,971</u>	<u>57,726,960</u>	<u>58,986,318</u>	<u>79,541,675</u>	<u>79,911,289</u>	<u>-0.5%</u>
Total Deferred Outflows	<u>2,071,057</u>	<u>2,032,798</u>	-	-	<u>2,071,057</u>	<u>2,032,798</u>	1.9%
Current liabilities	435,547	270,084	2,213,229	2,598,741	2,648,776	2,868,825	-7.7%
Noncurrent liabilities	7,461,900	6,446,218	11,173,190	12,127,851	18,635,090	18,574,069	0.3%
Total liabilities	<u>7,897,447</u>	<u>6,716,302</u>	<u>13,386,419</u>	<u>14,726,592</u>	<u>21,283,866</u>	<u>21,442,894</u>	<u>-0.7%</u>
Total Deferred Inflows	<u>320,484</u>	<u>456,821</u>	-	-	<u>320,484</u>	<u>456,821</u>	<u>-29.8%</u>
Net Position							
Net Investment in capital assets	13,051,387	13,142,888	41,494,392	41,902,563	54,545,779	55,045,451	-0.9%
Restricted for debt service	-	-	286,856	286,856	286,856	286,856	0.0%
Restricted for other purposes	5,826,358	5,183,645	446,686	360,421	6,273,044	5,544,066	13.1%
Unrestricted	<u>(3,209,904)</u>	<u>(2,541,887)</u>	<u>2,361,516</u>	<u>1,709,886</u>	<u>(848,388)</u>	<u>(832,001)</u>	<u>-2.0%</u>
Total Net Position	<u><u>15,667,841</u></u>	<u><u>15,784,646</u></u>	<u><u>44,589,450</u></u>	<u><u>44,259,726</u></u>	<u><u>60,257,291</u></u>	<u><u>60,044,372</u></u>	<u><u>0.4%</u></u>

The majority of the City’s net position, 90.52% and 91.67% at September 30, 2020 and 2019 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 12.5% and 9.7% of net position at September 30, 2020 and 2019 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 2019-2020
	2020	2019	2020	2019	2020	2019	
<u>Revenues</u>							
Program revenue							
Charges for services	446,149	370,001	7,607,243	7,798,414	8,053,392	8,168,415	-1.41%
Capital Grants/Contributions	96,850	1,418,662	69,959	527,472	166,809	1,946,134	-91.43%
Operating contributions	60,092	160,485	-	30,709	60,092	191,194	-68.57%
General revenue							
Taxes	5,631,560	5,593,115	213,861	223,877	5,845,421	5,816,992	0.49%
Intergovernmental	316,615	319,607	-	-	316,615	319,607	-0.94%
Investment earnings	37,875	58,833	2,427	7,092	40,302	65,925	-38.87%
Miscellaneous	104,939	80,996	(18,029)	2,146	86,910	83,142	4.53%
	<u>6,694,080</u>	<u>8,001,699</u>	<u>7,875,461</u>	<u>8,589,710</u>	<u>14,569,541</u>	<u>16,591,409</u>	<u>-12.2%</u>
<u>Expenses</u>							
General government	1,974,723	2,159,404	-	-	1,974,723	2,159,404	-8.55%
Public safety	3,604,483	3,626,276	-	-	3,604,483	3,626,276	-0.60%
Transportation	1,764,631	1,668,047	-	-	1,764,631	1,668,047	5.79%
Physical environment	384,557	344,407	-	-	384,557	344,407	11.66%
Human services	29,750	29,750	-	-	29,750	29,750	0.00%
Economic Environment	122,282	141,951	-	-	122,282	141,951	-13.86%
Culture/recreation	241,540	238,323	-	-	241,540	238,323	1.35%
Water, sewer, stormwater, gas, and sanitation	-	-	6,234,656	6,610,158	6,234,656	6,610,158	-5.68%
	<u>8,121,966</u>	<u>8,208,158</u>	<u>6,234,656</u>	<u>6,610,158</u>	<u>14,356,622</u>	<u>14,818,316</u>	<u>-3.1%</u>
Changes in net position before transfers	(1,427,886)	(206,459)	1,640,805	1,979,552	212,919	1,773,093	-87.99%
Interfund Services Provided (Used)	1,311,081	1,143,922	(1,311,081)	(1,143,922)	-	-	-
Change in net position	(116,805)	937,463	329,724	835,630	212,919	1,773,093	87.99%
Net position - beginning	15,784,646	14,847,183	44,259,726	43,424,096	60,044,372	58,271,279	3.04%
Net position - ending	<u>15,667,841</u>	<u>15,784,646</u>	<u>44,589,450</u>	<u>44,259,726</u>	<u>60,257,291</u>	<u>60,044,372</u>	<u>0.4%</u>

The City's total revenue decreased by (12.2%) or (2,021,868). This was due to decreased charges for services and all Capital grant improvements. The total Capital Grants decreased (94%) or (1,847,967).

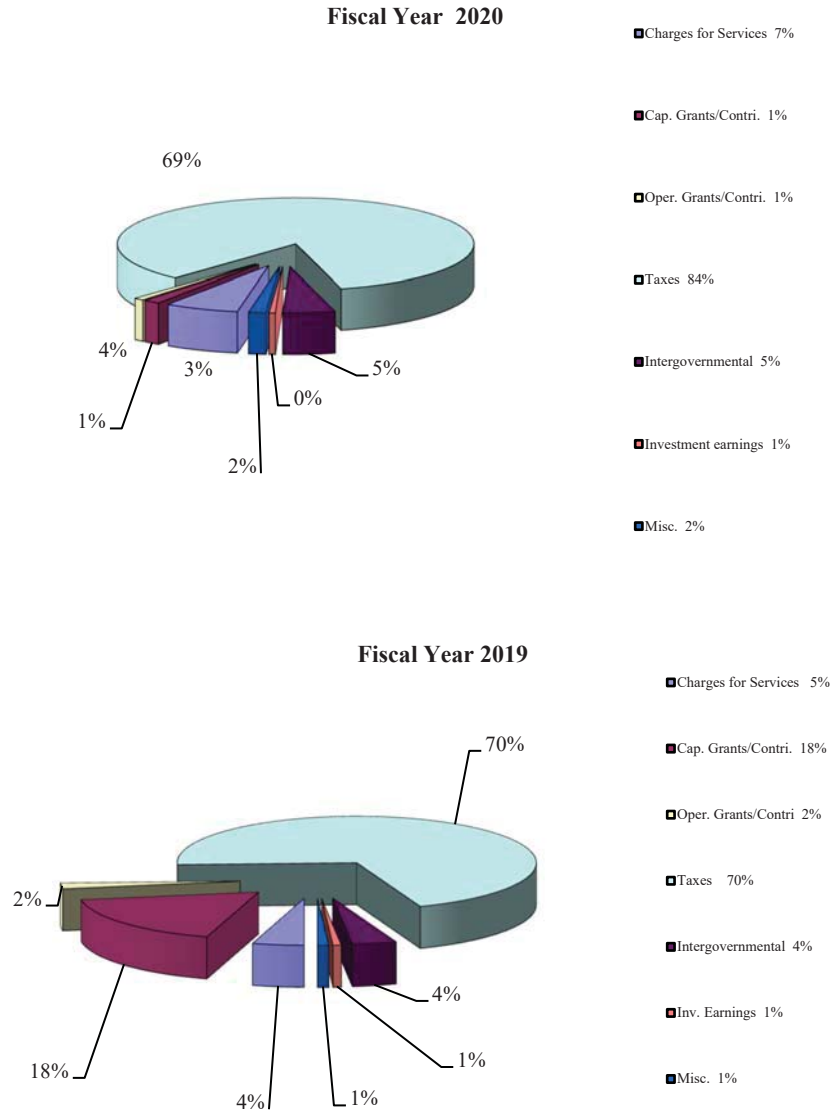
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Governmental Activities

The cost of all governmental activities this year was \$8.1 million compared to \$8.2 million last year. However, as shown in the Statement of Activities on page 15, the amount the City's taxpayers ultimately paid for these activities through City and State taxes was \$5.6 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 2020 from \$1,949,148 to \$603,091 due to less funding from Operating and Capital Grants.

Below is a comparison of the composition of fiscal year 2019 and 2020 governmental funds revenues and expenses:

Revenue Comparison by Source

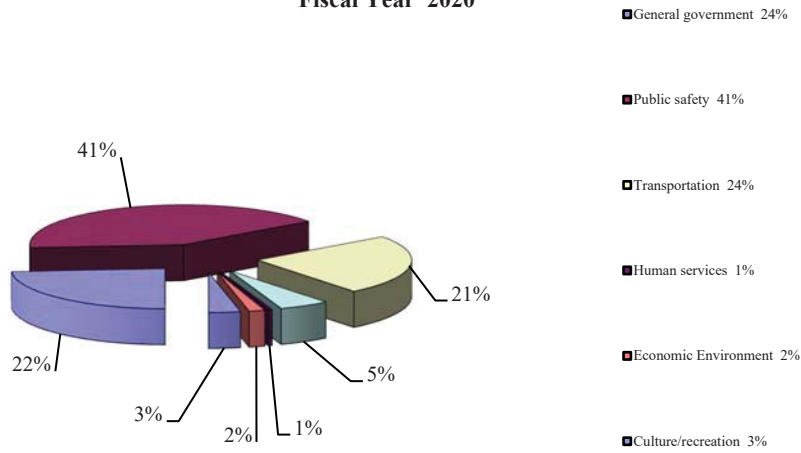


MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

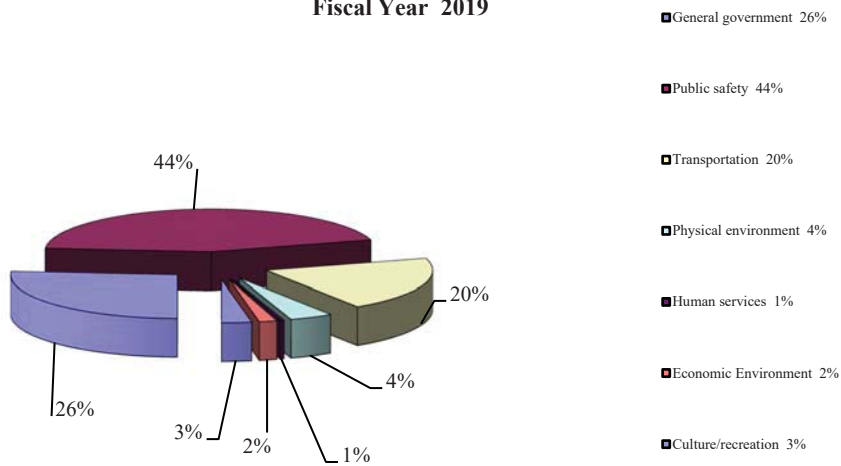
Governmental Activities (continued)

Expenditure Comparison by Source

Fiscal Year 2020



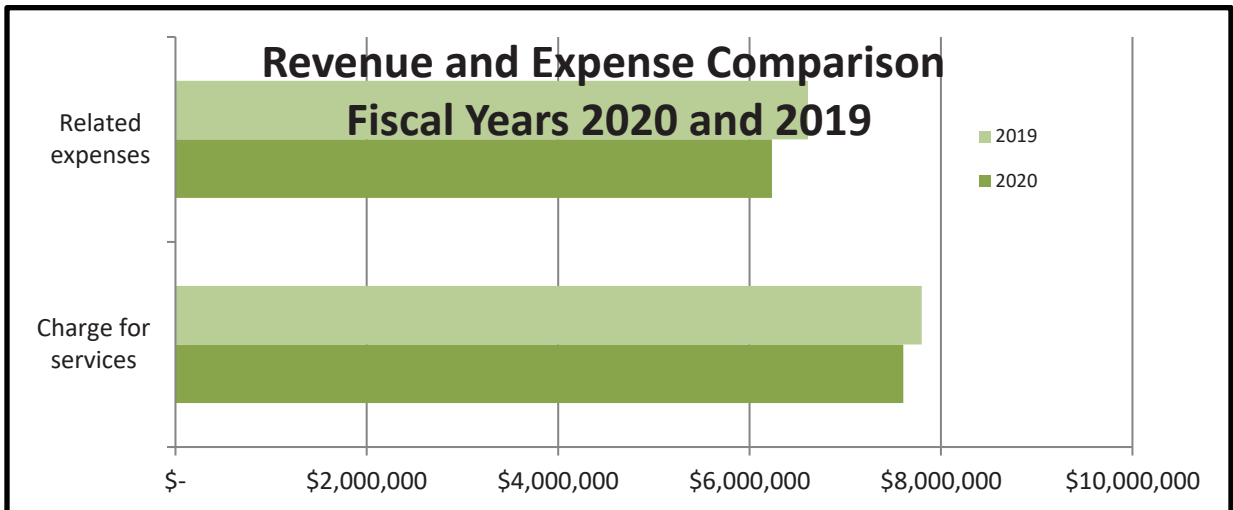
Fiscal Year 2019



MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

Business-type Activities

Charges for services of 2020 of the City's business-type activities decreased .025% or (\$191,171) over fiscal year 2019 and operating expenses decreased by .05% or (\$375,502) from the prior year. The decrease is a reflection of less Capital funded repairs at the sewer plant. The following is a graphic comparison of revenue and expenses of the City's business type activities.



MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

Capital Assets

At the end of 2020 the City had \$68,684,638 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 decrease of (\$1,804,075) in capital assets which is reflected in a governmental activities decrease of (\$91,501) or 1% and a decrease of (\$1,712,554) or (3)% for business-type activities. Although there were some Capital equipment purchases and street paving improvements, those additions were offset by depreciation reductions. The following table illustrates the changes in capital assets (see pages 45 and 46 in the notes to the financial statements for detailed changes in capital assets).

	Governmental Activities		Business-type Activities		Totals	
	2020	2019	2020	2019	2020	2019
Capital Assets:						
Land	\$ 1,823,159	\$ 1,824,329	\$ 1,602,184	\$ 1,602,184	\$ 3,425,343	\$ 3,426,513
Buildings and improvements	6,362,619	6,360,619	71,442,425	71,320,620	77,805,044	77,681,239
Machinery and equipment	4,525,753	4,712,398	1,966,628	2,557,251	6,492,381	7,269,649
Infrastructure	8,544,688	8,265,221	-	-	8,544,688	8,265,221
Construction work in progress	169,510	60,515	-	29,305	169,510	89,820
Subtotal	\$ 21,425,729	\$ 21,223,082	\$ 75,011,237	\$ 75,509,360	\$ 96,436,966	\$ 96,732,442
Less Accumulated Depreciation	(8,374,342)	(8,080,194)	(21,177,986)	(19,963,555)	(29,552,328)	(28,043,749)
Capital Assets, Net	\$ 13,051,387	\$ 13,142,888	\$ 53,833,251	\$ 55,545,805	\$ 66,884,638	\$ 68,688,693

The City's capital budget for fiscal year 2021 calls for approximately \$5,932,000 in capital projects. This is partially comprised of \$1,800,000 for Street improvements, \$1,300,000 for Water line improvements, \$1,000,000 Sewer projects, \$400,000 for Stormwater improvements.

Debt

At September 30, 2020 the City had \$12,314,703 in notes payable. This is a decrease over fiscal year 2019 of (\$1,142,427.). 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 49.

	Business-type Activities	
	2020	2019
*Note Payable-DEP	\$ 12,314,703	\$ 13,457,130

* These obligations are considered to be Direct Borrowings under GASB 88

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)*

While the City of Live Oak continues to be challenged by ageing infrastructure, we strive to continue to make improvements as we are able. Housing and job creation remain a goal of the City. City and CRA efforts continue to make contributions to encourage growth. 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 - In 2020 sections of Lincoln, Scott, and Centre Street were chip-n sealed. The City also repaved portions of Lee, Pine, Scriven, Suwannee, Woods, White Avenues and Union Street. The Cities SCOP grant paving project of Winderweedle design plans have been completed and work is scheduled to begin Spring of 2021.

Fire Department- The Fire Department continues to provide outstanding services and dedication to the citizens of Live Oak Fire Department. Highlights for 2020 include:

Awards and Recognition - The LOFD continues its tradition of excellence and service to the community while being recognized as an ISO Class III Fire Service, thus the only Class III fire department in Florida based upon population served. The LOFD continues to maintain Emergency Medical Technician certification of 100% of Fire Fighters employed while having recertify their state license every two years. LOFD continues to maintain the current ISO (International Organization for Standardization) rating of III through additional training curriculum, public education, outreach, equipment maintenance and inventory advancements. LOFD adheres to ISO recommended minimum staffing of 4 personnel on shift at all times thus continuing our mission to better our service to the citizens of Live Oak. The Insurance Service Office is an independent company that serves insurance companies, communities, fire departments, insurance regulators and others by providing information about risk. As the ISO rating for the City of Live Oak is Protection Class III, it places 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, aerial apparatus, ground ladder, and SCBA testing, pre-fire planning of commercial structures, fire prevention programs organized with the local schools and day cares and Life Safety inspections on licensed business operating inside the City of Live Oak. 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.

Community involvement - Over the past 4 years LOFD has taken part in the Vivid Visions charity softball tournament in an effort to raise awareness of the effects of domestic abuse and raise funds for the local shelter. Through the 2019 and 2020 year of COVID restrictions LOFD through implementation of additional safety precautions was able to continue its partnerships with local long term care agencies and educational facilities providing nurses, teachers and students with CPR certification training as well as fire education and extinguisher training. LOFD was able to continue training and teaching CPR reaching as many as 150 students from age 5 and up as well as teachers and professional medical personnel.

Also, even though the 2020 year had many restrictions, LOFD (Sparky's Kids) continued its tradition of more than 40 years, helping to provide families in need during the Christmas season with gift cards for food or basic necessities.

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 ensure 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.

Since 2018 the L.O.P.D has 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 L.O.P.D. has 15 GPS units assigned currently. In 2020 the department received Federal COVID emergency supplemental funding, traffic control systems were purchased to help assist in traffic coordination of food programs, covid testing and virus inoculations.

Natural Gas – The City installed a new Gas Gate Station, resolving a violation involving two stuck gate valves. Total cost for the new gate station was \$121,805.

Community Projects - Downtown parking lot improvements are underway and being funded by the CRA. Improvements will include repaving, new festival electrical connections, and improved lighting.

Future Projects

- Capital Improvement Programs include paving/repaving roads and streets. FDOT SCOP funding was be awarded Spring of 2020 for Winderweedle 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. Additional property is a requirement for expansion.
- State of Florida Department of Transportation has awarded the City TAP (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 some of the 17 wells along the FDOT transportation corridor within the City of Live Oak. Following Tropical Storm Debby an extensive Storm Water Master Plan was formulated by SRWMD, City engineers, and the Army Corps of Engineers. The TAP grant was applied through the SRWMD and they will remain an involved partner in the project.

The CRA together with Suwannee County and the Recreation Department’s assistance plan to build a restroom facility at the Rail to Trail head. The CRA and City will install the sewer force main required to serve the facility.

October 1, 2020 the City expanded our employee base. Since 2005 the City’s Public Works Department tasks have been provided by a privatized labor contract. October 1 the City hired staff for the Street, Cemetery, and Sanitation departments. Water, Sewer, Maintenance, Stormwater, and Gas still have our labor force provided by our Contractor’s Jacobs, and Utility Partners.

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

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.

Steve Lutz
CITY MANAGER

Joanne M Luth
FINANCE DIRECTOR



CITY OF LIVE OAK, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2020

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and Cash Equivalents	\$ 8,178,354	\$ 1,508,443	\$ 9,686,797
Receivables, Net of Allowance for Uncollectible Accounts	231,571	787,239	1,018,810
Due from Other Governments	301,301	111,387	412,688
Prepaid Items	52,102	105,824	157,926
Noncurrent Restricted Cash	-	1,380,816	1,380,816
Capital Assets:			
Land, Improvements, and Construction in Progress	1,992,669	1,602,184	3,594,853
Other Capital Assets, Net of Depreciation	11,058,718	52,231,067	63,289,785
Total Assets	21,814,715	\$ 57,726,960	79,541,675
Total Deferred Outflows of Resources	2,071,057	\$ -	2,071,057
Liabilities			
Accounts Payable and Other Accrued Liabilities	350,036	122,877	472,913
Unearned Revenue	85,511	-	85,511
Internal Balances	-	248,909	248,909
Restricted Fund Liabilities:			
Customer Deposits	-	625,982	625,982
Bonds, Notes, and Other Payables:			
Accrued Interest Payable	-	49,793	49,793
Due or payable Within One Year	-	1,189,823	1,189,823
Due or Payable in More Than One Year	-	11,149,035	11,149,035
Compensated Absences	219,800	-	219,800
Net Pension Liability	6,808,436	-	6,808,436
OPEB Liability	433,664	-	433,664
Total Liabilities	7,897,447	13,386,419	21,283,866
Total Deferred Inflows of Resources	320,484	-	320,484
Net Position			
Net Investment in Capital Assets	13,051,387	41,494,393	54,545,780
Restricted for:			
Law Enforcement	3,848	-	3,848
Community Redevelopment	1,072,026	-	1,072,026
Capital Improvements	3,953,441	446,686	4,400,127
Road Improvements	797,043	-	797,043
Debt Service	-	286,856	286,856
Unrestricted	(3,209,904)	2,361,515	(848,389)
Total Net Position	15,667,841	44,589,450	60,257,291

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

	Program Revenue				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Operating		Capital	Governmental Activities	Business-type Activities	Total
		Charges for Services	Grants and Contributions	Grants and Contributions			
Government Activities							
General Government	\$ 1,974,723	\$ 126,420	\$ 7,764	\$ -	\$ (1,840,539)	\$ -	\$ (1,840,539)
Public Safety	3,604,483	153,311	52,328	22,478	(3,376,366)	-	(3,376,366)
Transportation	1,764,631	166,418	-	74,372	(1,523,841)	-	(1,523,841)
Physical Environment	384,557	-	-	-	(384,557)	-	(384,557)
Human Services/Health	29,750	-	-	-	(29,750)	-	(29,750)
Economic Environment	122,282	-	-	-	(122,282)	-	(122,282)
Culture/Recreation	241,540	-	-	-	(241,540)	-	(241,540)
Activities	\$ 8,121,966	\$ 446,149	\$ 60,092	\$ 96,850	(7,518,875)	-	(7,518,875)
Business-type Activities							
Water and Sewer Utility	4,485,781	5,437,040	-	68,642	-	1,019,901	1,019,901
Stormwater	127,970	118,265	-	-	-	(9,705)	(9,705)
Gas Utility	655,358	792,646	-	-	-	137,288	137,288
Sanitation	965,547	1,259,292	-	1,317	-	295,062	295,062
Total Business-type	\$ 6,234,656	\$ 7,607,243	\$ -	\$ 69,959	-	1,442,546	1,442,546
Total Governmental and Business-type Activities	\$ 14,356,622	\$ 8,053,392	\$ 60,092	\$ 166,809	(7,518,875)	1,442,546	(6,076,329)
General Revenues and Transfers							
Property Taxes, Levied for General Purposes					2,162,003	-	2,162,003
Property Taxes, Levied for Tax Increment District					248,651	-	248,651
Fire Assessment Fee					379,710	-	379,710
Sales Taxes					1,052,089	-	1,052,089
Local Option Gas Tax					407,009	-	407,009
Franchise Taxes					738,337	-	738,337
Utility Taxes					643,761	213,861	857,622
State Revenue Sharing					230,498	-	230,498
Other Intergovernmental Revenues					86,117	-	86,117
Investment Earnings					37,875	2,427	40,302
Gain on Disposal of Fixed Assets					12,422	(101,861)	(89,439)
Rental Space					53,768	-	53,768
Miscellaneous Revenue					38,749	83,832	122,581
Transfers					1,311,081	(1,311,081)	-
Total General Revenues and Transfers					7,402,070	(1,112,822)	6,289,248
Changes in Net Position					(116,805)	329,724	212,919
Net Position, Beginning of Year					15,784,646	44,259,726	60,044,372
Net Position, Ending of Year					\$ 15,667,841	\$ 44,589,450	\$ 60,257,291

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

CITY OF LIVE OAK, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2020

	<u>General</u>	<u>Capital Projects Fund</u>	<u>Community Redevelop- ment Tax</u>	<u>Non-major Funds</u>	<u>Total</u>
Assets					
Cash and Cash Equivalents	\$ 2,349,511	\$ 4,630,546	\$ 1,194,449	\$ 3,848	\$ 8,178,354
Accounts Receivable, Net	230,581	-	990	-	231,571
Due from Other Funds/Internal Balance	51,035	-	-	-	51,035
Due from Other Governments	140,548	119,938	-	40,815	301,301
Prepaid Items	52,102	-	-	-	52,102
Total Assets	<u>\$ 2,823,777</u>	<u>\$ 4,750,484</u>	<u>\$ 1,195,439</u>	<u>\$ 44,663</u>	<u>\$ 8,814,363</u>
Liabilities					
Accounts Payable and Other Current Liabilities	\$ 236,843	\$ -	\$ 113,193	\$ -	\$ 350,036
Due to Other Funds/Internal Balance	-	-	10,220	40,815	51,035
Unearned Revenue	85,511	-	-	-	85,511
Total Liabilities	<u>322,354</u>	<u>-</u>	<u>123,413</u>	<u>40,815</u>	<u>486,582</u>
Fund Balances					
Nonspendable: Prepaid Items	52,102	-	-	-	52,102
Restricted for:					
Law Enforcement	-	-	-	3,848	3,848
Community Redevelopment	-	-	1,072,026	-	1,072,026
Capital Improvements	-	3,953,441	-	-	3,953,441
Road Improvements	-	797,043	-	-	797,043
Committed: Annual Leave Reserve	39,478	-	-	-	39,478
Unassigned, Reported in: General fund	2,409,843	-	-	-	2,409,843
Total Fund Balances	<u>2,501,423</u>	<u>4,750,484</u>	<u>1,072,026</u>	<u>3,848</u>	<u>8,327,781</u>
Total Liabilities and Fund Balances	<u>\$ 2,823,777</u>	<u>\$ 4,750,484</u>	<u>\$ 1,195,439</u>	<u>\$ 44,663</u>	<u>\$ 8,814,363</u>

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, 2020

Total Fund Balances of Governmental Funds	\$ 8,327,781
 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.	13,051,387
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	2,071,057
Deferred Inflows of Resources	(320,484)
Net pension liability does not require the use of current financial resources and, therefore, is not reported as a liability in governmental funds.	(6,808,436)
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	(219,800)
Other Post Employment Benefit Liability	(433,664)
Net Position of Governmental Activities	\$ 15,667,841

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 YEAR ENDED SEPTEMBER 30, 2020

	General	Capital Projects Funds	Community Redevelopment Tax	Nonmajor Funds	Total
Revenues					
Taxes	\$ 3,900,401	\$ 1,114,508	\$ 248,651	\$ -	\$ 5,263,560
Licenses and Permits	237,648	-	-	-	237,648
Intergovernmental	766,751	-	-	74,806	841,557
Charges for Services	179,794	-	-	-	179,794
Fines and Forfeitures	27,715	-	-	992	28,707
Tower Rental	53,768	-	-	-	53,768
Interest	8,133	24,113	5,629	-	37,875
Miscellaneous	51,171	-	-	-	51,171
Total Revenue	<u>5,225,381</u>	<u>1,138,621</u>	<u>254,280</u>	<u>75,798</u>	<u>6,694,080</u>
Expenditures					
General Government	1,616,441	-	151,058	-	1,767,499
Public Safety	2,910,843	-	-	74,806	2,985,649
Transportation	1,817,818	-	-	-	1,817,818
Physical Environment	224,841	-	-	-	224,841
Human Services	29,750	-	-	-	29,750
Economic Environment	-	-	122,282	-	122,282
Culture/Recreation	225,391	-	16,149	-	241,540
Total Expenditures	<u>6,825,084</u>	<u>-</u>	<u>289,489</u>	<u>74,806</u>	<u>7,189,379</u>
(Deficiency) Excess of Revenue (Under) Over Expenditures	<u>(1,599,703)</u>	<u>1,138,621</u>	<u>(35,209)</u>	<u>992</u>	<u>(495,299)</u>
Other Financing Sources (Uses):					
Transfers in	2,033,581	-	253,544	-	2,287,125
Transfers out	(253,544)	(722,500)	-	-	(976,044)
Total Other Financing Sources (Uses)	<u>1,780,037</u>	<u>(722,500)</u>	<u>253,544</u>	<u>-</u>	<u>1,311,081</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	180,334	416,121	218,335	992	815,782
Fund Balances, Beginning of Year	<u>2,321,089</u>	<u>4,334,363</u>	<u>853,691</u>	<u>2,856</u>	<u>7,511,999</u>
Fund Balances, End of Year	<u>\$2,501,423</u>	<u>\$ 4,750,484</u>	<u>\$ 1,072,026</u>	<u>\$ 3,848</u>	<u>\$ 8,327,781</u>

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, 2020

Net Change in Fund Balances - Total Governmental Funds \$ 815,782

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	\$ 655,021	
Capital Asset Disposals and Transfers	(12,824)	
Depreciation Expense	<u>(733,698)</u>	(91,501)

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 (848,507)

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		(8,319)
Change in OPEB Liability		<u>15,740</u>

Change in Net Position of Governmental Activities \$ (116,805)

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

CITY OF LIVE OAK, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2020

	Business-Type Activities-Enterprise Funds				Total
	Water and Sewer Fund	Stormwater Fund	Gas Fund	Sanitation Fund	
Assets					
Current Assets:					
Cash and Cash Equivalents	\$ 1,080,739	\$ 61,017	\$ 4,075	\$ 362,612	\$ 1,508,443
Accounts Receivables, Net	503,492	7,682	131,997	144,068	787,239
Due from Other Governments	111,387	-	-	-	111,387
Other Current Assets	102,178	744	755	2,147	105,824
Total Current Assets	1,797,796	69,443	136,827	508,827	2,512,893
Property and Equipment					
Land	1,578,657	22,927	600	-	1,602,184
Building and Improvements	68,423,304	1,570,914	1,448,207	-	71,442,425
Machinery and Equipment	1,003,965	88,348	285,441	588,874	1,966,628
Total Property and Equipment	71,005,926	1,682,189	1,734,248	588,874	75,011,237
Less Accumulated Depreciation	(19,432,013)	(604,375)	(810,474)	(331,124)	(21,177,986)
Net Property and Equipment	51,573,913	1,077,814	923,774	257,750	53,833,251
Noncurrent Restricted Cash	1,026,516	19,103	147,649	187,548	1,380,816
Total Assets	54,398,225	1,166,360	1,208,250	954,125	57,726,960
Liabilities					
Current Liabilities:					
Accounts Payable	39,808	-	58,387	24,682	122,877
Accrued Interest Payable	46,258	3,535	-	-	49,793
Current Portion of Notes Payable	1,155,650	34,173	-	-	1,189,823
Total Current Liabilities	1,241,716	37,708	58,387	24,682	1,362,493
Deposits	355,487	-	147,649	122,846	625,982
Notes Payable	10,808,050	340,985	-	-	11,149,035
Total Liabilities	12,405,253	378,693	206,036	147,528	13,137,510
Net Position					
Net Investment in Capital Assets	39,610,213	702,656	923,774	257,750	41,494,393
Restricted for Capital Replacement	403,276	-	-	43,410	446,686
Restricted for Debt Service	267,753	19,103	-	-	286,856
Unrestricted	1,711,730	65,908	78,440	505,437	2,361,515
Total Net Position	\$ 41,992,972	\$ 787,667	\$ 1,002,214	\$ 806,597	\$ 44,589,450

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 YEAR ENDED SEPTEMBER 30, 2020

	Business-type Activities-Enterprise Funds				Total
	Water and Sewer Fund	Stormwater Fund	Gas Fund	Sanitation Fund	
Operating Revenues					
Charges for Services	\$ 5,437,040	\$ 118,265	\$ 792,646	\$ 1,259,292	7,607,243
Operating Expenses					
Cost of Sales	-	-	300,901	321,163	622,064
Materials and Supplies	203,912	-	16,769	124,544	345,225
Utilities	263,324	-	4,188	629	268,141
Taxes	-	-	13,936	-	13,936
Maintenance and Repairs	575,637	520	18,660	26,435	621,252
Depreciation	1,460,436	71,958	42,912	43,751	1,619,057
Insurance	70,021	2,692	2,825	8,265	83,803
Other Expenses	15,417	-	2,000	-	17,417
Contractual Services	1,647,963	44,921	253,167	440,460	2,386,511
Total Operating Expenses	4,236,710	120,091	655,358	965,247	5,977,406
Operating Income (Loss)	1,200,330	(1,826)	137,288	294,045	1,629,837
Nonoperating Revenues (Expenses)					
Interest Earnings	1,930	22	11	464	2,427
Utility Tax	213,861	-	-	-	213,861
Gain (Loss) on Disposal of Fixed Assets	(1,492)	-	-	(100,369)	(101,861)
Interest Expense	(249,071)	(7,879)	-	(300)	(257,250)
Other Revenues (Expenses)	39,193	-	43,570	1,069	83,832
Total Nonoperating Income (Expenses)	4,421	(7,857)	43,581	(99,136)	(58,991)
Income Before Other Revenues, Expenses, Gains, and, Transfers	1,204,751	(9,683)	180,869	194,909	1,570,846
Capital Contributions (Grants) and Transfers					
FEMA/SERT Contributions	2,632	-	-	1,317	3,949
Contributions	66,010	-	-	-	66,010
Transfers in	-	-	92,500	-	92,500
Transfers out	(996,600)	(22,000)	(126,693)	(258,288)	(1,403,581)
Total Capital Contributions(Grants) and Transfers	(927,958)	(22,000)	(34,193)	(256,971)	(1,241,122)
Increase (Decrease) in Net Position	276,793	(31,683)	146,676	(62,062)	329,724
Net Position, Beginning of Year	41,716,179	819,350	855,538	868,659	44,259,726
Net Position, End of Year	\$ 41,992,972	\$ 787,667	\$ 1,002,214	\$ 806,597	\$ 44,589,450

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 YEAR ENDED SEPTEMBER 30, 2020

	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	\$ 5,647,351	\$ 120,230	\$ 773,396	\$ 1,263,959	\$ 7,804,936
Cash Paid to Suppliers	(2,821,223)	(48,448)	(606,214)	(939,300)	(4,415,185)
Net Cash Provided by (Used In) Operating Activities	<u>2,826,128</u>	<u>71,782</u>	<u>167,182</u>	<u>324,659</u>	<u>3,389,751</u>
Cash Flows From Noncapital and Related Financing Activities					
Utility Taxes	213,861	-	-	-	213,861
Due from Other Funds	(35,991)	(248,842)	(49,756)	5,036	(329,553)
Transfers from Other Funds	-	-	92,500	-	92,500
Miscellaneous	39,193	-	43,570	1,069	83,832
Intergovernmental Revenue	-	299,680	-	-	299,680
Operating Transfers Out	(996,600)	(22,000)	(126,693)	(258,288)	(1,403,581)
Net Cash Used for Noncapital and Related Financing Activities	<u>(779,537)</u>	<u>28,838</u>	<u>(40,379)</u>	<u>(252,183)</u>	<u>(1,043,261)</u>
Cash Flows From Capital and Related Financing Activities					
Acquisition and Construction of Capital Assets	(18,819)	-	(131,271)	141,727	(8,363)
Principal Paid on Capital Debt	(1,124,292)	(33,485)	-	(146,607)	(1,304,384)
Interest Paid on Capital Debt	(249,071)	(7,879)	-	(517)	(257,467)
Capital Grants and Contributions	68,642	-	-	1,317	69,959
Net Cash Used In Capital and Related Financing Activities	<u>(1,323,540)</u>	<u>(41,364)</u>	<u>(131,271)</u>	<u>(4,080)</u>	<u>(1,500,255)</u>
Cash Flows From Investing Activities					
Interest Received	1,930	22	11	464	2,427
Net Cash Provided By for Investing Activities	<u>1,930</u>	<u>22</u>	<u>11</u>	<u>464</u>	<u>2,427</u>
Net Increase (Decrease) in Cash and Cash Equivalents	724,981	59,278	(4,457)	68,860	848,662
Cash and Cash Equivalents, Beginning of Year	<u>1,382,274</u>	<u>20,842</u>	<u>156,181</u>	<u>481,300</u>	<u>2,040,597</u>
Cash and Cash Equivalents, End of Year	<u>\$ 2,107,255</u>	<u>\$ 80,120</u>	<u>\$ 151,724</u>	<u>\$ 550,160</u>	<u>2,889,259</u>
As presented on the accompanying statement of net position:					
Cash and cash equivalents	1,080,739	61,017	4,075	362,612	1,508,443
Non-current restricted cash	1,026,516	19,103	147,649	187,548	1,380,816
	<u>2,107,255</u>	<u>80,120</u>	<u>151,724</u>	<u>550,160</u>	<u>2,889,259</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 YEAR ENDED SEPTEMBER 30, 2020
(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	\$ 1,200,330	\$ (1,826)	\$ 137,288	\$ 294,045	\$ 1,629,837
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:					
Depreciation	1,460,436	71,958	42,912	43,751	1,619,057
Decrease (Increase) in Assets:					
Accounts Receivable	74,918	1,965	(20,612)	(2,432)	53,839
Due from Other Governmental Units	122,590	-	-	-	122,590
Increase (Decrease) in Liabilities:					
Accounts Payable	(44,949)	(315)	6,232	(17,804)	(56,836)
Customer Deposits	12,803	-	1,362	7,099	21,264
Net Cash Provided by Operating Activities	\$ 2,826,128	\$ 71,782	\$ 167,182	\$ 324,659	\$ 3,389,751

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
SEPTEMBER 30, 2020

Assets:		
Accrued interest	\$ 2,994	
Other Receivable	1,018	<u>4,012</u>
Investments, at fair value		
Money funds	25,341	
U.S. Treasury notes/Gov't bonds	285,886	
Corporate bonds	267,012	
Common stocks and equity securities	1,041,371	<u>1,619,610</u>
Total investments		<u>1,619,610</u>
Total Assets		<u>1,623,622</u>
Liabilities:		
Accounts Payable		<u>3,997</u>
Net Position		
Net Position Restricted for Pensions		<u><u>\$ 1,619,625</u></u>

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 YEAR ENDED SEPTEMBER 30, 2020

Additions:	
Contributions from:	
City	\$ 53,782
Total contributions	<u>53,782</u>
Investment income:	
Net increase (decrease) in fair value of investments	75,375
Interest and Dividend earnings	30,432
Less Investment Expense	<u>(14,964)</u>
Total investment income	<u>90,843</u>
Total additions	<u>144,625</u>
Deductions:	
Benefit payments	182,383
Administrative expenses	<u>7,986</u>
Total deductions	<u>190,369</u>
Net increase (decrease)	(45,744)
Net Position, Beginning of Year	<u>1,665,369</u>
Net Position, End of year	<u>\$ 1,619,625</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, 2020

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, 2020

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, 2020

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.

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).

CITY OF LIVE OAK, FLORIDA
Notes to the financial statements
September 30, 2020

Note 1 – Summary of Significant Accounting Policies – continued

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

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, the CDBG Fund, and the State Grant 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.

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.

CITY OF LIVE OAK, FLORIDA
Notes to the financial statements
September 30, 2020

Note 1 – Summary of Significant Accounting Policies – continued

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

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, Deferred Outflows, Inflows, 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 three 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".

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 is 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 number 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.

CITY OF LIVE OAK, FLORIDA
Notes to the financial statements
September 30, 2020

Note 1 – Summary of Significant Accounting Policies – continued

D. Assets, Liabilities, Deferred Outflows, Inflows, and Net Position – continued

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.

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:

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

CITY OF LIVE OAK, FLORIDA
Notes to the financial statements
September 30, 2020

Note 1 – Summary of Significant Accounting Policies – continued

D. Assets, Liabilities, Deferred Outflows, Inflows, and Net Position – continued

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.

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.

CITY OF LIVE OAK, FLORIDA
Notes to the financial statements
September 30, 2020

Note 1 – Summary of Significant Accounting Policies – continued

D. Assets, Liabilities, Deferred Outflows, Inflows, and Net Position – continued

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.

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.

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.

CITY OF LIVE OAK, FLORIDA
Notes to the financial statements
September 30, 2020

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 lapse 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, 2020

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 9.1771 mills for the year ended September 30, 2020.

The property tax calendar is as follows:

Valuation Date January 1, 2019

Property appraiser prepares the assessment roll with values as of January 1, 2019, submits preliminary roll for approval by the State and notifies each taxing authority of their respective valuations. July 1, 2019

City Council holds two required public hearings and adopts a budget and ad valorem tax millage rate for the coming fiscal year. September, 2019

Property appraiser certified the assessment roll and all real and tangible personal property taxes are due and payable (Levy date). November 1, 2019

A Notice of Taxes is mailed to each property owner on the assessment roll. Taxes are paid November 2019 through March 2020, with the following applicable discounts: November 1, 2019

<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, 2020

A list of unpaid tangible personal property taxes and a list of unpaid real property taxes are advertised. April/May 2020

Tax certificates are sold on all real estate parcels with unpaid real property taxes (Lien date). May/June 2020

A court order is obtained authorizing the seizure and sale of personal property if the taxpayer fails to pay the delinquent taxes. September 10, 2020

CITY OF LIVE OAK, FLORIDA
Notes to the financial statements
September 30, 2020

NOTE 5 – Cash Deposits and Investments

Deposits

	Carrying Amount	Bank Balance
Insured (1)	\$ 11,066,538	\$ 11,172,702
Uninsured:		
Uncollateralized (2)	25,341	30,769
Cash Funds	1,075	-
Total Deposits	<u>11,092,954</u>	<u>11,203,471</u>

Investments

	Fair Value	Maturities	Credit Rating
Pension Fund investments held by trustee:			
Common stock listed on ASE, NYSE, and NASDAQ	1,041,371	N/A	N/A
U.S. Government bonds	285,886	N/A	N/A
Corporate bonds	7,198	10 years or less	A3/A-
Corporate bonds	11,129	10 years or less	A2/A
Corporate bonds	9,219	7 years or less	AA3/A+
Corporate bonds	3,337	7 years or less	A1/AA-
Corporate bonds	9,119	7 years or less	A1/AA-
Corporate bonds	7,410	5 years or less	A1/A
Corporate bonds	9,667	5 years or less	A2/A-
Corporate bonds	16,530	4 years or less	AA3/AA-
Corporate bonds	12,914	4 years or less	AAA/AAA
Corporate bonds	6,539	4 years or less	A3/A
Corporate bonds	15,732	3 years or less	A1/A
Corporate bonds	16,069	3 years or less	A2/A
Corporate bonds	13,404	2 years or less	A2/A
Corporate bonds	20,566	2 years or less	A1/A
Corporate bonds	20,693	2 years or less	A2/A
Corporate bonds	21,607	2 years or less	A2/A
Corporate bonds	12,356	2 years or less	A1/A+
Corporate bonds	20,044	1 years or less	AA3/AA-
Corporate bonds	5,005	1 years or less	AA2/AA
Corporate bonds	8,189	1 years or less	A3/A
Corporate bonds	20,285	1 years or less	A3/A
Total fair value	<u>\$ 1,594,269</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	\$ 11,092,954	
Carrying value of investments	<u>1,594,269</u>	
Total per note detail		<u>\$ 12,687,223</u>
Cash and Cash equivalents	\$ 9,686,797	
Restricted cash and cash equivalents	1,380,816	
Fiduciary fund cash and investments	<u>1,619,610</u>	
Total reported in statement of net position and statement of fiduciary net position		<u>\$ 12,687,223</u>

CITY OF LIVE OAK, FLORIDA
Notes to the financial statements
September 30, 2020

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 and 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.

When the Firefighter's substitute pension plan replaced the Fire pension plan in July 2006, Ordinance 1134 authorized the Firefighter's pension board the authority to invest in assets in accordance with the written investment policy. Authorized investments of the pension plan under the investment policy are as follows:

Equities

- Equity securities must be listed on the New York and principal regional and foreign exchanges or in over the counter securities where an active market maker is regulated by the NASD.
- For international investing, American Depository Receipts (ADRs) that trade over the counter, such as "Pink Sheet" ADR's and Bulletin Board ADR's are permissible.
- Any investment not in the categories listed above is prohibited.

Fixed Income

- Fixed income securities shall be invested in marketable debt securities issued or guaranteed by either (a) the United States Government or its agencies, (b) domestic corporations or Israel Bonds (c) domestic banks and other US financial institutions, or (d) state and municipal bonds.
- Except for Treasury and Agency obligations, the debt portion of the Pension Fund shall contain no more than 10% of a given issuer irrespective of the number of differing issues.
- If commercial paper is used it must be only of the highest quality (A-1 or P-1)
- Private placement debt is not permissible.

Risk Disclosures

The City does not have an investment policy that addresses its exposure to interest rate changes, custodial credit risk, or credit quality risk. The following items discuss the City and the pension plans exposure to various risks:

Interest Rate Risk

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

The pension plan investment policy does not have any restrictions as to the maturity or duration of fixed income securities.

CITY OF LIVE OAK, FLORIDA
Notes to the financial statements
September 30, 2020

Note 5 – Cash Deposits and Investments – continued

Credit Quality Risk

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 Substitute Fire Pension Board has the authority to guide the trustees on the investment plan for the Fire pension funds. The Board’s investment policy states that all fixed income securities must hold a rating of one of the three highest classifications by a major rating service. Securities ratings that are reduced beneath the three highest classifications after purchase should be sold by the portfolio manager within a reasonable period of time as determined by the manager. As of September 30, 2019 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.

Concentration of Credit Risk

For the City’s investments, the provisions of Sections 218.415 (17), Florida Statutes do not specifically address concentration of credit risk, however, authorized investments are generally limited to securities that by their nature are either guaranteed by the United States government, or hold the highest credit rating.

The pension plan’s investment policy requires investments to be diversified to the extent practicable to control the risk of loss resulting from on overconcentration of assets in a in a specific maturity, issuer, instrument, dealer, or bank through which financial instruments are purchased and sold. As such, the equity position in any one company shall not exceed 5% of the total portfolio at market. The total portfolio shall not exceed the 25% maximum limit on foreign securities at market. In addition, the fixed income portion of the pension fund shall not contain more than 10% of a given issuer irrespective of the number of differing issues. Other diversification standards must be developed and applied by the Investment Managers.

Custodial Credit Risk

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.

The pension funds utilize a third party custodian to help manage custodial credit risk.

CITY OF LIVE OAK, FLORIDA
Notes to the financial statements
September 30, 2020

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 \$1,619,610 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, 2020:

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	\$ 25,341	\$ 25,341	\$ -	\$ -
U.S. Bonds & Bills	285,886	285,886	-	-
Common Stocks/Equity	1,041,371	1,041,371	-	-
Corporate Bonds	267,012	-	267,012	-
Total Investments by Fair Value Level	\$ 1,619,610	\$ 1,352,598	\$ 267,012	\$ -

Note: As of September 30, 2020, the City had accrued interest receivable related to investments of \$2,994.

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, 2020

Note 6 – Restricted Assets

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

A summary of restricted assets of the City, at September 30, 2020, is as follows:

Business-type Activities:

	Water and Sewer Utility Fund	Stormwater Fund	Natural Gas Fund	Sanitation Fund	Total
Checking Account	1,026,516	19,103	147,649	187,548	1,380,816
	\$ 1,026,516	\$ 19,103	\$ 147,649	\$ 187,548	\$ 1,380,816

Note 7 – Accounts Receivable

The City's accounts receivable at September 30, 2020 consists of the following:

Governmental Activities:

General Fund:

Delinquent taxes receivable	\$ 1,162
Accounts receivable	246,409
Less allowance for doubtful accounts	(16,000)

Total governmental activities accounts receivable, net \$ 231,571

Business-type Activities:

Enterprise Funds:

Water and Sewer Utility	
Accounts receivable	\$ 703,082
Less allowance for doubtful accounts	(199,591)

Stormwater Utility Fund:	
Accounts receivable	14,682
Less allowance for doubtful accounts	(7,000)

Gas Utility Fund:	
Accounts receivable	176,181
Less allowance for doubtful accounts	(44,184)

Sanitation Fund:	
Accounts receivable	225,435
Less allowance for doubtful accounts	(81,367)

Total business-type activities accounts receivable, net \$ 787,238

CITY OF LIVE OAK, FLORIDA
Notes to the financial statements
September 30, 2020

Note 8 – Due from Other Governments

The City's due from other governments at September 30, 2020 consists of the following:

Governmental Activities	
Suwannee County	\$ 1,487
Other Local Government-Housing Authority	23,410
State of Florida, Department of Revenue	179,203
State of Florida, Department of Transportation	56,386
State of Florida, Department of Legal Affairs	4,928
State of Florida, Department of Law Enforcement	35,887
	\$ 301,301
Business-type Activities	
State of Florida, Department of Corrections	\$ 111,387
	\$ 111,387

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, 2020, are comprised of the following:

Fund	Interfund Receivables	Interfund Payables
Internal balances - due to/from other funds:		
General Fund	51,035	-
Special Revenue Funds:		
Special Projects	-	35,887
Victim's Advocate Fund	-	4,928
Community Redevelopment Tax Fund	-	10,220
Totals	\$ 51,035	\$ 51,035

CITY OF LIVE OAK, FLORIDA
Notes to the financial statements
September 30, 2020

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, 2020, the City made the following transfers:

	Operating Transfers In	Operating Transfers Out
	<u> </u>	<u> </u>
General Fund	\$ 2,033,581	\$ 253,544
Capital Projects Funds	-	722,500
Community Redevelopment Tax Fund	253,544	-
Enterprise Funds:		
Water and Sewer Utility Fund	-	996,600
Stormwater Fund	-	22,000
Gas Fund	92,500	126,693
Sanitation Fund	-	258,288
Totals	<u><u>\$ 2,379,625</u></u>	<u><u>\$ 2,379,625</u></u>

Note 10 - Capital Assets

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

	Beginning Balance 9/30/2019	Additions	Deletions/ Transfers	Ending Balance 9/30/2020
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Governmental Activities				
Capital Assets Not Being Depreciated:				
Land	\$ 1,824,329	\$ -	\$ (1,170)	\$ 1,823,159
Construction in Progress	60,515	108,995	-	169,510
Total Capital Assets Not Being Depreciated	<u>1,884,844</u>	<u>108,995</u>	<u>(1,170)</u>	<u>1,992,669</u>
Capital Assets Being Depreciated:				
Buildings	4,131,558	-	-	4,131,558
Improvements Other Than Buildings	2,229,061	2,000	-	2,231,061
Machinery and Equipment	4,712,398	264,559	(451,204)	4,525,753
Infrastructure	8,265,221	279,467	-	8,544,688
Total Capital Assets Being Depreciated	<u>19,338,238</u>	<u>546,026</u>	<u>(451,204)</u>	<u>19,433,060</u>
Less Accumulated Depreciation:				
Buildings	(1,514,924)	(113,391)	-	(1,628,315)
Improvements Other Than Buildings	(1,100,568)	(89,903)	-	(1,190,471)
Machinery and Equipment	(3,746,560)	(195,631)	439,550	(3,502,641)
Infrastructure	(1,718,142)	(334,773)	-	(2,052,915)
Total Accumulated Depreciation	<u>(8,080,194)</u>	<u>(733,698)</u>	<u>439,550</u>	<u>(8,374,342)</u>
Total Capital Assets Being Depreciated, Net	<u>11,258,044</u>	<u>(187,672)</u>	<u>(11,654)</u>	<u>11,058,718</u>
Governmental Activities Capital Depreciated, Net	<u><u>\$ 13,142,888</u></u>	<u><u>\$ (78,677)</u></u>	<u><u>\$ (12,824)</u></u>	<u><u>\$ 13,051,387</u></u>

CITY OF LIVE OAK, FLORIDA
Notes to the financial statements
September 30, 2020

Note 10 – Capital Assets - continued

	Beginning Balance 9/30/2019	Additions	Deletions/ Transfers	Ending Balance 9/30/2020
Business-type Activities				
Capital Assets Not Being Depreciated:				
Land	\$ 1,602,184	\$ -	\$ -	\$ 1,602,184
Construction in Progress	29,305	-	(29,305)	-
Total Capital Assets Not Being Depreciated	<u>1,631,489</u>	<u>-</u>	<u>(29,305)</u>	<u>1,602,184</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	45,891,875	92,500	29,305	46,013,680
Machinery and Equipment	2,557,251	107,592	(698,215)	1,966,628
Total Capital Assets Being Depreciated	<u>73,877,871</u>	<u>200,092</u>	<u>(668,910)</u>	<u>73,409,053</u>
Less Accumulated Depreciation				
Buildings	(320,994)	(21,025)	-	(342,019)
Wastewater Treatment Plant	(5,203,934)	(490,651)	-	(5,694,585)
Improvement Other than Buildings	(12,790,386)	(1,005,386)	-	(13,795,772)
Machinery and Equipment	(1,648,241)	(101,995)	404,626	(1,345,610)
Total Accumulated Depreciation	<u>(19,963,555)</u>	<u>(1,619,057)</u>	<u>404,626</u>	<u>(21,177,986)</u>
Total Capital Assets Being Depreciated, Net	<u>53,914,316</u>	<u>(1,418,965)</u>	<u>(264,284)</u>	<u>52,231,067</u>
Total Business-type Activities Capital Assets, Net	<u>\$ 55,545,805</u>	<u>\$ (1,418,965)</u>	<u>\$ (293,589)</u>	<u>\$ 53,833,251</u>

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

Governmental Activities	
General Government	96,717
Physical Environment	159,715
Public Safety	150,037
Transportation	327,229
Total Depreciation Expense - Governmental Activities	<u>733,698</u>
Business-type Activities	
Water Utility	1,460,436
Storm Utility	71,958
Gas Utility	42,912
Sanitation	43,751
Total Depreciation Expense - Business-type Activities	<u>1,619,057</u>

CITY OF LIVE OAK, FLORIDA
Notes to the financial statements
September 30, 2020

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, 2020

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, 2020, were as follows:

Description of Notes	Pledged Revenue	Net Revenue Received	Principal and Interest Paid	Estimated Percentage Pledged	Outstanding Principal and Interest	Pledged Through
Projects 662110, 662111, 610200, 610220, 610201, 610210, 610211, 66206P, 662080	Net Water & Sewer Revenues	2,640,496	1,361,305	51.55%	13,196,812	2030
Projects 66207P and 662070	Net Stormwater Revenues	70,133	41,679	59.43%	416,781	2030

CITY OF LIVE OAK, FLORIDA
Notes to the financial statements
September 30, 2020

Note 11 – Long-term Debt – continued

Changes in long-term liabilities

Long-term liability activity for the year ended September 30, 2020, was as follows:

	Balances 9/30/19	Additions	Reductions	Balances 9/30/20	Due Within One Year
Governmental activities:					
Compensated absences	\$ 211,481	\$ 8,319	-	\$ 219,800	\$ 114,424
OPEB liability	449,404	-	(15,740)	433,664	-
Net Pension Liability -					
Florida Retirement	5,565,380	931,106	-	6,496,486	-
Firefighters Plan	219,953	91,997	-	311,950	-
Governmental activity					
Long-term liabilities	<u>\$ 6,446,218</u>	<u>\$ 1,031,422</u>	<u>\$ (15,740)</u>	<u>\$ 7,461,900</u>	<u>\$ 114,424</u>
Business-type activities:					
Notes payable - DEP*	13,457,130	-	(1,142,427)	12,314,703	1,165,668
Garbage Truck 2yr Lease*	146,606	-	(146,606)	-	-
Mini Backhoe 3yr Lease*	39,506	-	(15,351)	24,155	24,155
Business-type activity					
Long-term liabilities	<u>\$ 13,643,242</u>	<u>\$ -</u>	<u>\$ (1,304,384)</u>	<u>\$ 12,338,858</u>	<u>\$ 1,189,823</u>

*These obligations are considered to be Direct Borrowings under GASB 88

Long-term debt – future requirements

Debt service requirements for all notes and payables as of September 30, 2020, is as follows:

	Business-type Activities	
	Note Payable - DEP	
	Principal	Interest
2021	1,165,668	237,315
2022	1,187,516	215,467
2023	1,211,673	191,301
2024	1,235,685	167,299
2025	1,260,179	142,805
2026-2030	6,045,713	340,947
2031-2032	208,269	3,755
	<u>\$ 12,314,703</u>	<u>\$ 1,298,889</u>

CITY OF LIVE OAK, FLORIDA
Notes to the financial statements
September 30, 2020

Note 11 – Long-term Debt – continued

Long-term debt – future requirements

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	2021 Commitments	Total
Mini Backhoe	3.50%	25,000	25,000
Total Business-type lease agreements			<u>25,000</u>
Less interest			<u>(845)</u>
Present value of Minimum Lease Payments			<u>\$ 24,155</u>

Leased equipment under capital leases at September 30, 2020 include the following:

Equipment	\$ 71,039
Less Accumulated amortization	<u>18,805</u>
Net Value	<u>\$ 52,234</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 Plan is a single-employer defined benefit pension plan. The general administration and responsibility for the proper operation of the Plan and for making effective the provisions of Ordinance 1274 are hereby vested in a Board of Trustees consisting of five (5) persons as follows:

1. Two (2) residents of the City, recommended by the Mayor and appointed by the City Council;
2. Two (2) active or retired Firefighters/plan members elected by a majority of the active and retired Firefighters who are members of this Plan; and
3. A fifth Trustee to be selected by the other four Trustees and appointed as a ministerial act by the City Council.

Plan Membership as of October 1, 2020:

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.

A summary of the benefit provisions can be found in the October 1, 2018 Actuarial Valuation Report for the City of Live Oak Firefighters’ Substitute Pension Trust Fund prepared by Foster & Foster Actuaries and Consultants.

CITY OF LIVE OAK, FLORIDA
Notes to the financial statements
September 30, 2020

Note 12 – Employees’ Pension Plans – continued

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

Contributions

Member Contributions: 3.0% of Compensation.

City Contributions: Amount required after member contributions in order to pay current costs and amortize unfunded past service cost over a period not to exceed 30 years.

Investments

Investment Policy:

The following was the Board’s adopted asset allocation policy as of September 30, 2020:

Asset Class	Target Allocation
Large Cap US Equity	40%
Small/Mid Cap US Equity	15%
Non-US Equity-Developed	10%
US Scorps Bonds-Core	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, 2020, the annual money-weighted rate of return of Pension Plan investments, net of Pension Plan investment expense, was 5.66 percent.

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

The components of the Net Pension Liability of the Sponsor on September 30, 2020 were as follows:

Total Pension Liability	\$ 1,931,575
Plan Fiduciary Net Position	(1,619,625)
Sponsor's Net Pension Liability	\$ 311,950
Plan Fiduciary Net Position as a percentage of Total Pension Liability	83.85%

Actuarial Assumptions:

The Total Pension Liability was determined by an actuarial valuation as of October 1 2019, updated to September 30, 2020 using the following actuarial assumptions:

Inflation	2.30%
Salary Increases	N/A
Discount Rate	6.75%
Investment Rate of Return	6.75%

CITY OF LIVE OAK, FLORIDA
Notes to the financial statements
September 30, 2020

Note 12 – Employees’ Pension Plans – continued

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

Mortality Rate Healthy Retiree:

Female: PubS.H-2010 for Healthy Retirees, set forward one year.

Male: PusS.H-2010 (Below Median) for Healthy Retirees, set forward one year.

Mortality Rate Beneficiary Lives:

Female: PubG.H-2010 (Below Median) for Healthy Retirees.

Male: PubG.H-2010 (Below Median) for healthy Retirees, set back one year.

All rates are projected generationally with Mortality Improvement Scale MP-2018. We feel this assumption sufficiently accommodates future mortality improvements.

The previously described mortality assumption rates were mandated by Chapter 2015-157, Laws of Florida. This law mandates the use of the assumptions used in either of the two most recent valuations of the Florida Retirement System (FRS). The above rates are those outlined in Milliman’s July 1, 2019 FRS valuation report for special risk employees.

Since this is a retiree-only plan, the assumptions for withdrawal, retirement, disability, payroll growth, and salary increases are not applicable. Accordingly, no formal actuarial experience study has been performed for these assumptions.

The Long-Term Expected Rate of Return on Pension Plan investments can be 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 2020 the inflation rate assumption of the investment advisor was 1.80%

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 geometric real rates of return for each major asset class included in the Pension Plan’s target asset allocation as of September 30, 2020 are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Domestic Equity	55.00%	5.70%
International Equity	10.00%	5.93%
Fixed Income	35.00%	5.20%
Total	100%	

¹ Source: Morgan Stanley. Secular annualized return and volatility estimates are based on a 20-year-plus time horizon. Please note that long term expected return of the total portfolio is greater than simply multiplying each of the above “Long Term Expected Real Rate of Returns” by their target allocation % and adding them together. Not only is the time horizon longer for an actuarial valuation relative to the time horizon over which the above projected returns were generated, but also there is an additional correlation resulting from a diversified portfolio that will provide additional returns.

CITY OF LIVE OAK, FLORIDA
Notes to the financial statements
September 30, 2020

Note 12 – Employees’ Pension Plans – continued

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

Discount Rate:

The discount rate used to measure the total pension liability was 6.75 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 5.75%	Current Discount Rate 6.75%	1% Increase 7.75%
Sponsor's Net Pension Liability	\$478,538	\$311,950	\$167,937

Changes in Net Pension Liability

	<i>Total Pension Liability</i>	<i>Plan Fiduciary Net Position</i>	<i>Net Pension Liability</i>
Reporting Period Ending September 30, 2018	\$1,885,322	\$1,665,369	\$219,953
Changes for the Year			
Interest	134,560	-	134,560
Differences between Expected and Actual Experience	38,923	-	38,923
Changes of Assumptions	55,153		55,153
Changes of benefit terms			
Contributions - Employer	-	53,782	(53,782)
Net Investment Income	-	90,843	(90,843)
Benefit Payments, including Refunds of Employee Contributions	(182,383)	(182,383)	-
Administrative Expense	-	(7,986)	7,986
Net Changes	46,253	(45,744)	91,997
Reporting Period Ending September 30, 2019	\$1,931,575	\$1,619,625	\$311,950

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

CITY OF LIVE OAK, FLORIDA
Notes to the financial statements
September 30, 2020

Note 12 – Employees’ Pension Plans – continued

B. Florida Retirement System

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.

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.

CITY OF LIVE OAK, FLORIDA
Notes to the financial statements
September 30, 2020

Note 12 – Employees’ Pension Plans – continued

B. Florida Retirement System- continued

Contributions- The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates for FRS during the City’s 2019-20 fiscal year were as follows:

Year Beginning July 1, 2020		Year Beginning July 1, 2019	
Percent of Gross Salary		Percent of Gross Salary	
Employee	Employer ⁽¹⁾	Employee	Employer ⁽¹⁾
3.00	8.28	3.00	6.75
3.00	47.46	3.00	47.10
3.00	25.57	3.00	23.69
3.00	22.73	3.00	23.76
0.00	15.32	0.00	12.94

⁽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 0.06% 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 \$435,952 for the fiscal year ended September 30, 2020.

Net Pension Liability

At September 30, 2020, the City reported the following net pension liability:

	<u>FRS Pension Plan</u>
City's Proportion	0.0129734890%
City's Proportionate Share of Net Pension Liability	\$5,622,902

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, 2020, the City’s proportion decreased by .00072339% from its proportion measured as of June 30, 2020.

Discount Rate

The discount rate used to measure the total pension liability was 6.80%. 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.

CITY OF LIVE OAK, FLORIDA
Notes to the financial statements
September 30, 2020

Note 12 – Employees’ Pension Plans – continued

B. Florida Retirement System- continued

Actuarial Assumptions

The total pension liability in the July 1, 2020 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	2.40%
Salary Increases	3.25%
Investment Rate of Return, Including Inflation	6.80%
Mortality Table	Generational PUB-2010
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:

Long-term Expected Rate of Return (Concluded)

Asset Class	Annual Target Allocation (1)	Annual Arithmetic Return	Geometric Return	Standard Deviation
Cash	1%	2.2%	2.2%	1.2%
Fixed Income	19%	3.0%	2.9%	3.5%
Global Equity	54%	8.0%	6.7%	17.1%
Real Estate	10%	6.4%	5.8%	11.7%
Private Equity	11%	10.8%	8.1%	25.7%
Strategic Investments	4%	5.5%	5.3%	6.9%
Total	100%			
Assumed Inflation – Mean		2.4%		1.7%

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

CITY OF LIVE OAK, FLORIDA
Notes to the financial statements
September 30, 2020

Note 12 – Employees’ Pension Plans – continued

B. Florida Retirement System- 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 6.80%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.80%) or 1-percentage-point higher (7.80%) than the current rate:

	1% Decrease 5.80%	Current Discount Rate 6.80%	1% Increase 7.80%
City’s Proportionate Share of the Net Pension Liability	\$8,978,828	\$5,622,902	2,820,016

The actuarial assumptions used in the July 1, 2020 valuation, were based on the results of an actuarial experience study for the period July 1 2013, through June 30, 2018.

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, 2020, 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. 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 \$41,632 for the fiscal year ended September 30, 2020.

CITY OF LIVE OAK, FLORIDA
Notes to the financial statements
September 30, 2020

Note 12 – Employees’ Pension Plans – continued

HIS Pension Plan- continued

Net Pension Liability

At September 30, 2020, the City reported the following net pension liability:

	HIS Pension Plan
City's Proportion	0.0071547580%
City's Proportionate Share of Net Pension Liability	\$873,584

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, 2020, the City’s proportion decreased .0004274% from its proportion measured as of June 30, 2019.

Discount Rate

The discount rate used to measure the total pension liability was 2.21% for the HIS Pension Plan’s fiscal year ended June 30, 2020. 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 2019 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	2.40%
Salary Increases	3.25%
Mortality Table	Generational PUB-2010
	Individual
Actuarial Cost Method	Entry Age

The actuarial assumptions used in the July 1, 2020 valuation, were based on the results of an actuarial experience study for the period July 1 2013, through June 30, 2018.

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 2.21%, 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 (1.21%) or 1-percentage-point higher (3.21%) than the current rate:

	1% Decrease 1.21%	Current Discount Rate 2.21%	1% Increase 3.21%
City’s Proportionate Share of the Net Pension Liability	\$1,009,824	\$873,584	76,072

CITY OF LIVE OAK, FLORIDA
Notes to the financial statements
September 30, 2020

Note 12 – Employees’ Pension Plans – continued

FRS Investment Plan

Plan Description- As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the 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 0.06% of payroll and by forfeited benefits of Investment Plan members. For the fiscal year ended September 30, 2020, 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, 2020

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, 2020, 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 \$164,059 for the fiscal year ended September 30, 2020.

Additional Disclosures– Defined Benefit Plans

Net Pension Liability

	<u>Firefighters' Plan</u>	<u>FRS</u>	<u>HIS</u>	<u>Total</u>
Net Pension Liability	\$ 311,950	\$ 5,622,902	\$ 873,584	\$ 6,808,436

Deferred Outflows of Resources

	<u>Firefighter's Plan</u>	<u>FRS</u>	<u>HIS</u>	<u>Total</u>
Employer Contributions				
After Measurement Date	-	103,740	9,907	113,647
Difference Between Expected and Actual Experience	-	215,200	35,735	250,935
Changes in Assumptions	-	1,017,924	93,935	1,111,859
Net Difference Between Projected and Actual Earnings on Investments	71,596	334,793	697	407,086
Changes in Proportion and Differences Between City Contributions and Proportionate Share of Contributions	-	156,749	30,781	187,530
Total Deferred Outflows of Resources	<u>71,596</u>	<u>1,828,406</u>	<u>171,055</u>	<u>2,071,057</u>

CITY OF LIVE OAK, FLORIDA
Notes to the financial statements
September 30, 2020

Note 12 – Employees’ Pension Plans – continued

Additional Disclosures— Defined Benefit Plans

Deferred Inflows of Resources

	Firefighter's Plan	FRS	HIS	Total
Difference Between Expected and Actual Experience	-	-	674	674
Changes in Assumptions	-	-	50,796	50,796
Net Difference Between Projected and Actual Earnings on Investments	31,980	-	-	31,980
Changes in Proportion and Differences Between City Contributions and Proportionate Share of Contributions	-	171,125	65,909	237,034
Total Deferred Inflows of Resources	31,980	171,125	117,379	320,484

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, 2020. 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
2021	(1,419)	330,571	11,199
2022	13,311	502,368	5,463
2023	21,936	429,740	(32)
2024	5,788	252,087	9,398
2025	-	38,775	12,312
Thereafter	-	-	5,429
Total	39,616	1,553,541	43,769

CITY OF LIVE OAK, FLORIDA
Notes to the financial statements
September 30, 2020

Note 12 – Employees’ Pension Plans – continued

Additional Disclosures-- Defined Benefit Plans

Pension Expense

For the year ended September 30, 2020, the City recognized pension expense from the defined benefit pension plans as follows:

Firefighter's Plan	118,476
FRS	1,203,801
HIS	57,724
Total	1,380,001

Payables to the Pension Plan

At September 30, 2020, 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 \$6838 for fiscal year ended September 30, 2020, 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, 2020.

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.

CITY OF LIVE OAK, FLORIDA
Notes to the financial statements
September 30, 2020

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

Employees Covered by Benefit Terms-

At October 1, 2019, 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	58
	59

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, 2020.

The measurement period for the OPEB expense was October 1, 2019 to September 30, 2020.

The reporting period is October 1, 2019 through September 30, 2020.

The City’s Total OPEB Liability was measured as of September 30, 2020.

Actuarial Assumptions

The Total OPEB Liability was determined by an actuarial valuation as of October 1, 2019 updated to September 30, 2020 using the following actuarial assumptions:

Inflation	2.50%
Salary Increases	2.50%
Discount Rate	2.14%
Initial Trend Rate	7.50%
Ultimate Trend Rate	4.00%
Years to Ultimate	55

For all lives, mortality rates were PubG-2010 Mortality Tables projected to the valuation date using Projection Scale MP-2019.

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 2.14%. The high-quality municipal bond rate was based on the measurement date of the S&P Municipal Bond 20 Year High Grade Rate Index as published by S&P Dow Jones Indices. The S&P Municipal 20 Year High Grade Rate Index consists of bonds in the S&P Municipal Bond Index with maturity of 20 years. Eligible bonds must be rated at least AA by Standard and Poor’s Ratings Services, Aa2 by Moody’s or AA by Fitch. If there are multiple ratings, the lowest rating is used.

CITY OF LIVE OAK, FLORIDA
Notes to the financial statements
September 30, 2020

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

OPEB Expense

For the year ended September 30, 2020, the Sponsor will recognize OPEB Expense of \$6,503.

CHANGES IN TOTAL OPEB LIABILITY

		Increases and Decreases in Total OPEB Liability
Reporting Period Ending September 30, 2019	\$	449,404
Changes for a Year:		
Service Cost		21,799
Interest		14,760
Differences Between Expected and Actual Experience		(49,765)
Changes of Assumptions		15,909
Changes of Benefit Terms		-
Contributions - Employer		-
Benefit Payments		(18,443)
Other Changes		-
Net Changes		(15,740)
Reporting Period Ending September 30, 2020	\$	433,664

Changes of assumptions reflect a change in the discount rate from 3.58% for the fiscal year ending September 30, 2019 to 2.14% for the fiscal year ending September 30, 2020.

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 1.14%	Current Discount Rate 2.14%	1% Increase 3.14%
Total OPEB Liability (Asset)	\$ 507,657	\$ 433,664	\$ 373,584

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 3.00 - 6.50%	Healthcare Cost Trend Rates 4.00% - 7.50%	1% Increase 5.00 - 8.50%
Total OPEB Liability (Asset)	\$ 367,206	\$ 433,664	\$ 515,917

CITY OF LIVE OAK, FLORIDA
Notes to the financial statements
September 30, 2020

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 and Contingencies

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).

The City is in a dispute with our Plant and Public Works contractor regarding certain price escalation provisions of the contract. The contractor contends the contract allows for an automatic calculated increase in the event a contractual increase cannot be agreed upon. The City contends that it was agreed that no increase would be applied in two of the three years of the contract. In one of the years, the City agreed to and has paid a 1.5% increase in the contract. Any outstanding commitment is yet to be determined; however, the estimated range of loss is between \$0 and \$1,498,766. The public works labor contract ended September 30, 2020, Jacobs continues to provide Plant maintenance and oversight for Water and Wastewater facilities, negotiations continue with a hopeful outlook for closure.

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.

CITY OF LIVE OAK, FLORIDA
Notes to the financial statements
September 30, 2020

Note 17 – Fund Balance Classifications- continued

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.

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. That contract expired January of 2021 and reverted to the original contract. At this time we are coordinating with the Department of Correction to renegotiate rates.

During the year ended September 30, 2020 total water and sewer fund operating revenue was \$5,437,040. Of this amount, \$1,336,644 or 24.6% was paid by the State of Florida Department of Corrections associate with the Suwannee Correctional Institution.

During the year-ended September 30, 2020 total gas revenue was \$792,646 Pilgrim's Pride remitted \$241,262 which represents 30% of the total revenue.

Note 19 – Subsequent Events

Subsequent Event

The following events have been completed or have made substantial progress subsequent to September 30, 2020.

Construction work is underway to repave Winderweedle Street. Design plans include curbing and drainage improvements. The project is funded primarily through a FDOT SCOP grant. Total cost of the project is expected to be over \$960,000.

The Community Redevelopment Agency and the Live Oak Suwannee County Recreation Department joined funds to build a public restroom at the Heritage Park and Gardens playground and trail. That bathroom is complete and construction to install a sewer force main sewer line on Helvenston Street to connect the facility is underway. Cost is anticipated to be \$100,000.

The City has reamortized its largest loan with the State of Florida WW662111 extending the 20-year loan to 30 years at the original interest rates, reducing the semi-annual payment from \$410,044 to \$219,374.

The City expanded its employee base. Since 2005 the City's Public Works department tasks have been provided by privatized labor contract. October 2020 the City hired staff for the Street, Cemetery, and Sanitation departments. Water Sewer, Maintenance, Stormwater, and Gas still have our labor force provided by our Contractor's Jacobs, and Utility Partners. Jacobs remains our plants contractor. Utility Partners/H2O Innovations provides management and labor force for utility distribution and collections.



Required Supplemental Information

CITY OF LIVE OAK, FLORIDA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	<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	\$ 1,980,937	\$ 1,980,937	\$ 1,934,140	\$ (46,797)
In lieu of Ad Valorem Property Taxes	202,770	202,770	204,453	1,683
Utility Tax	656,500	656,500	643,761	(12,739)
Fire Fee	380,000	380,000	379,710	(290)
Franchise Fees:				
Power and Light	480,750	480,750	435,711	(45,039)
Telecommunications	235,000	235,000	302,626	67,626
Total Taxes	<u>3,935,957</u>	<u>3,935,957</u>	<u>3,900,401</u>	<u>(35,556)</u>
Licenses and Permits:				
Business Tax Receipts	100,000	100,000	109,420	9,420
Building Permits	63,500	63,500	111,228	47,728
Other	15,000	15,000	17,000	2,000
Total Licenses and Permits	<u>178,500</u>	<u>178,500</u>	<u>237,648</u>	<u>59,148</u>
Intergovernmental Revenues:				
State Shared Revenues:				
Municipal Revenue Sharing	310,010	310,010	230,498	(79,512)
Motor Fuel Tax	72,000	72,000	69,122	(2,878)
Mobile Home Licenses	2,600	2,600	2,917	317
Beverage Tax	4,000	4,000	2,999	(1,001)
Sales Tax	352,435	352,435	344,590	(7,845)
Firefighter Suppliment	2,640	2,640	3,798	1,158
Fuel Tax Refund	7,600	7,600	7,281	(319)
DOT SCOPE Grant	915,000	915,000	74,372	(840,628)
TS FEMA	-	-	-	-
TS State	-	-	-	-
Local Source:				
Training Grant CareerSource N.F.	11,703	11,703	7,764	(3,939)
Housing Authority in Lieu	22,000	22,000	23,410	1,410
Total Intergovernmental Revenues	<u>1,699,988</u>	<u>1,699,988</u>	<u>766,751</u>	<u>(933,237)</u>
Charges for Services:				
Pound Fees	1,000	1,000	1,590	590
Traffic Assistance	106,418	106,418	106,418	-
Right-of-way Maintenance - D.O.T.	60,000	60,000	60,000	-
Zoning Fees	9,000	9,000	7,244	(1,756)
Miscellaneous	6,000	6,000	4,542	(1,458)
Total Charges for Services	<u>182,418</u>	<u>182,418</u>	<u>179,794</u>	<u>(2,624)</u>
Fines and Forfeitures	15,100	15,100	27,715	12,615
Miscellaneous Revenues:				
Interest	8,000	8,000	8,133	133
Tower Rental	49,000	49,000	53,768	4,768
Cemetery Lots	28,000	28,000	24,575	(3,425)
Sales of fixed assets	1,000	1,000	12,422	11,422
Private Contributions	-	-	-	-
Other	5,501	5,501	14,174	8,673
Total Miscellaneous Revenues	<u>91,501</u>	<u>91,501</u>	<u>113,072</u>	<u>21,571</u>
Total Revenues	<u>6,103,464</u>	<u>6,103,464</u>	<u>5,225,381</u>	<u>(878,083)</u>

CITY OF LIVE OAK, FLORIDA
BUDGET COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Expenditures:				
General Government:				
Legislative:				
Personnel Services	\$ 175,607	\$ 175,607	\$ 164,024	\$ 11,583
Operating Expenses	23,800	23,800	16,070	7,730
	<u>199,407</u>	<u>199,407</u>	<u>180,094</u>	<u>19,313</u>
Financial and Administrative:				
Personnel Services	1,111,551	1,111,551	1,055,266	56,285
Operating Expenses	450,493	450,493	376,280	74,213
Capital Outlay	15,000	15,000	4,801	10,199
	<u>1,577,044</u>	<u>1,577,044</u>	<u>1,436,347</u>	<u>140,697</u>
Total General Government	<u>1,776,451</u>	<u>1,776,451</u>	<u>1,616,441</u>	<u>160,010</u>
Public Safety:				
Law Enforcement:				
Personnel Services	1,452,591	1,452,591	1,248,018	204,573
Operating Expenses	210,150	210,150	192,731	17,419
Capital Outlay	235,000	235,000	96,198	138,802
	<u>1,897,741</u>	<u>1,897,741</u>	<u>1,536,947</u>	<u>360,794</u>
Fire Protection:				
Personnel Services	1,066,569	1,066,569	1,086,021	(19,452)
Operating Expenses	139,325	139,325	98,870	40,455
Capital Outlay	-	-	19,705	(19,705)
	<u>1,205,894</u>	<u>1,205,894</u>	<u>1,204,596</u>	<u>1,298</u>
Inspection and Code Enforcement:				
Personnel Services	125,476	125,476	113,538	11,938
Operating Expenses	24,976	24,976	29,425	(4,449)
	<u>150,452</u>	<u>150,452</u>	<u>142,963</u>	<u>7,489</u>
Animal Control:				
Personnel Services	14,247	14,247	17,484	(3,237)
Operating Expenses	10,900	10,900	8,853	2,047
	<u>25,147</u>	<u>25,147</u>	<u>26,337</u>	<u>(1,190)</u>
Total Public Safety	<u>3,279,234</u>	<u>3,279,234</u>	<u>2,910,843</u>	<u>368,391</u>

CITY OF LIVE OAK, FLORIDA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2020
(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	\$ 1,599,809	\$ 1,599,809	\$ 1,362,475	\$ 237,334
Capital Outlay	1,988,000	1,988,000	455,343	1,532,657
	<u>3,587,809</u>	<u>3,587,809</u>	<u>1,817,818</u>	<u>1,769,991</u>
Economic Development				
Operating Expenses	21,600	21,600		21,600
	<u>21,600</u>	<u>21,600</u>	<u>-</u>	<u>21,600</u>
Culture and Recreation				
Operating Expenses	225,391	225,391	225,391	-
	<u>225,391</u>	<u>225,391</u>	<u>225,391</u>	<u>-</u>
Physical Environment:				
Operating Expenses	230,356	230,356	224,841	5,515
	<u>230,356</u>	<u>230,356</u>	<u>224,841</u>	<u>5,515</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>9,150,591</u>	<u>9,150,591</u>	<u>6,825,084</u>	<u>2,325,507</u>
Excess (Deficiency) Revenues Over (Under)				
Expenditures	<u>(3,047,127)</u>	<u>(3,047,127)</u>	<u>(1,599,703)</u>	<u>1,447,424</u>
Other Financing Sources (Uses)				
Transfers from:				
Infrastructure Fund	1,129,000	1,129,000	323,000	(806,000)
Capital Projects Fund	714,000	714,000	307,000	(407,000)
Water and Sewer Utility Fund	996,600	996,600	996,600	-
Stormwater Fund	22,847	22,847	22,000	(847)
Gas Utility Fund	176,392	176,392	126,693	(49,699)
Sanitation Fund	258,288	258,288	258,288	-
Transfers to:				
Community Redevelopment Tax Fund	<u>(250,000)</u>	<u>(250,000)</u>	<u>(253,544)</u>	<u>(3,544)</u>
Total Financing Sources (Uses)	<u>3,047,127</u>	<u>3,047,127</u>	<u>1,780,037</u>	<u>(1,267,090)</u>
Excess (Deficiency) of Revenue and Other sources Over (Under)				
Expenditures and Other Uses	-	-	180,334	180,334
Fund Balance, Beginning of Year	-	-	2,321,089	927,098
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,501,423</u>	<u>\$ 1,107,432</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 YEAR ENDED SEPTEMBER 30, 2020**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 246,000	\$ 246,000	\$ 248,651	\$ 2,651
Interest Earned	4,400	4,400	5,629	1,229
Total Revenues	<u>250,400</u>	<u>250,400</u>	<u>254,280</u>	<u>3,880</u>
Expenditures				
General Government	149,900	149,900	117,020	32,880
Public Safety	27,500	27,500	-	27,500
Transportation	112,000	112,000	-	112,000
Recreation	21,000	21,000	13,564	7,436
Economic Environment	585,000	585,000	122,282	462,718
Capital Outlay				
General Government	185,000	185,000	34,038	150,962
Recreation	50,000	50,000	2,585	47,415
Total Expenditures	<u>1,130,400</u>	<u>1,130,400</u>	<u>289,489</u>	<u>840,911</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(880,000)</u>	<u>(880,000)</u>	<u>(35,209)</u>	<u>844,791</u>
Other Financing Resources (Uses)				
Transfers in				
General Fund	250,000	250,000	253,544	3,544
Total Other Financing Sources (Uses)	<u>250,000</u>	<u>250,000</u>	<u>253,544</u>	<u>3,544</u>
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures	(630,000)	(630,000)	218,335	848,335
Fund Balance, Beginning of Year	<u>630,000</u>	<u>630,000</u>	<u>853,691</u>	<u>223,691</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,072,026</u>	<u>\$ 1,072,026</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

	9/30/2020	9/30/2019	9/30/2018	9/30/2017	9/30/2016	9/30/2015	9/30/2014
Total Pension Liability	-	-	-	-	-	-	-
Service Cost	134,560	136,697	141,363	142,480	135,680	138,318	141,696
Interest	-	-	-	-	-	-	-
Change in Excess State Money	-	-	-	-	-	-	-
Change in Funding Standard Account	-	-	-	-	-	-	-
Changes of Benefit Terms	-	-	-	-	-	-	-
Expected vs Actual Experience	38,923	16,213	-21,441	26,766	27,974	15,106	0
Changes in Assumptions	55,153	-	-	-	115,424	-	-
Benefit Payments, Including							
Refunds of Employee Contributions	(182,383)	(180,439)	(183,822)	(184,462)	(192,342)	(184,871)	(188,607)
Net Change in Total Pension Liability	46,253	(27,529)	(63,900)	(15,216)	86,736	(31,447)	(46,911)
Total Pension Liability - Beginning	1,885,322	1,912,851	1,976,751	1,991,967	1,905,231	1,936,678	1,983,589
Total Pension Liability - Ending (a)	<u>\$1,931,575</u>	<u>\$1,885,322</u>	<u>\$1,912,851</u>	<u>\$1,976,751</u>	<u>\$1,991,967</u>	<u>\$1,905,231</u>	<u>\$1,936,678</u>
Plan Fiduciary Net Position							
Contributions - Employer	53,782	53,782	57,179	56,011	43,177	27,114	25,454
Contributions - State	-	-	-	-	-	-	-
Contributions - Employee	-	-	-	-	-	-	-
Contributions - Buy Back	-	-	-	-	-	-	-
Net Investment Income	90,843	45,985	167,912	194,641	108,639	(32,672)	152,834
Benefit Payments, Including							
Refunds of Employee Contributions	(182,383.00)	(180,439.00)	(183,822)	(184,462)	(192,342)	(184,871)	(188,607)
Administrative Expense	(7,986.00)	(13,904.00)	(17,008)	(15,879)	(1,837)	0	(1,910)
Other	-	-	-	-	0	-	-
Net Change in Plan Fuduciary Net Position	(45,744)	(94,576)	24,261	50,311	(42,363)	(190,429)	(12,229)
Plan Fiduciary Net Position - Beginning	1,665,369	1,759,945	1,735,684	1,685,373	1,727,736	1,918,165	1,930,394
Plan Fiduciary Net Position - Ending (b)	<u>\$1,619,625</u>	<u>\$1,665,369</u>	<u>\$1,759,945</u>	<u>\$1,735,684</u>	<u>\$1,685,373</u>	<u>\$1,727,736</u>	<u>\$1,918,165</u>
Net Pension Liability - Ending (a) - (b)	<u>\$311,950</u>	<u>\$219,953</u>	<u>\$152,906</u>	<u>\$241,067</u>	<u>\$306,594</u>	<u>\$177,495</u>	<u>\$18,513</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	83.85%	88.33%	92.01%	87.80%	84.61%	90.68%	99.04%

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 9/30/2020 , as mandated by Chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed to the rates used in Milliman's July 1, 2019 FRS valuation report for special risk employees. In addition, the investment rate of return assumption was lowered from 7.5% to 6.75% , gross of investment related expenses. 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 CONTRIBUTIONS

Last 10 Fiscal Years

Fiscal Year Ended	Actuarially Determined Contribution	Contributions in relation to the Actuarially Determined Contributions	Contributions Deficiency (Excess)	Covered Employee Payroll	Contributions as a percentage of Covered Employee Payroll
9/30/2020	\$ 53,782	\$ 53,782	\$ -	N/A	N/A
9/30/2019	\$ 53,782	\$ 53,782	\$ -	N/A	N/A
9/30/2018	\$ 57,179	\$ 57,179	\$ -	N/A	N/A
9/30/2017	\$ 56,011	\$ 56,011	\$ -	N/A	N/A
9/30/2016	\$ 43,177	\$ 43,177	\$ -	N/A	N/A
9/30/2015	\$ 25,887	\$ 27,114	\$ (1,227)	N/A	N/A
9/30/2014	\$ 25,454	\$ 25,454	\$ -	N/A	N/A

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: 10/1/2018

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:

Mortality:

Healthy Inactive Lives:

Female: RP2000 Generational, 100% Annuitant White Collar, Scale BB.

Males: RP2000 Generational, 10% Annuitant White Collar/ 90% Annuitant Blue Collar Scale BB.

The assumed rates of mortality were mandated by Chapter 2015-157, Laws of Florida. This law mandates the use of the assumptions used in either of the two most recent valuations of the Florida Retirement System (FRS). The above rates are those outlined in the July 1, 2016 FRS actuarial valuation report for healthy special risk employees. We feel this assumption sufficiently accommodates future mortality improvements.

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

Asset Method:

Fair Market Value

Funding Method:

Aggregate Actuarial Cost Method

SCHEDULE OF INVESTMENT RETURNS

Last 10 Fiscal Years

Fiscal Year Ended	Annual Money-Weighted Rate of Return Net of Investment Expense
9/30/2020	5.66%
9/30/2019	2.72%
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%

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>9/30/2020</u>	<u>9/30/2019</u>	<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	0.012973489%	0.013696881%	0.013002250%	0.012486026%	0.012796910%	0.012608384%
City's Proportionate Share of the FRS Net Pension Plan	5,622,902	4,717,015	3,916,345	3,693,283	3,231,230	1,628,542
City's Covered-Employee Payroll (9/30)	2,507,952	2,473,718	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 it's Covered-Employee Payroll	224.20%	190.69%	163.44%	183.21%	216.81%	93.71%
FRS Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	78.85%	82.61%	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>9/30/2020</u>	<u>9/30/2019</u>	<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	0.007154758%	0.007582135%	0.007281423%	0.007166783%	0.007344800%	0.007969916%
City's Proportionate Share of the HIS Net Pension Plan	873,584	848,365	770,674	766,305	856,011	812,806
City's Covered-Employee Payroll (9/30)	2,507,952	2,473,718	2,396,262	2,015,895.00	1,490,336	1,737,938
City's Proportionate Share of the HIS Net Pension Liability as a Percentage of it's Covered-Employee Payroll	34.83%	34.30%	32.16%	38.01%	57.44%	46.77%
HIS Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	3.00%	2.63%	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, 2020

FLORIDA RETIREMENT SYSTEM PENSION PLAN

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually Required Contribution	435,952	414,561	385,401	323,424	330,190	310,709
FRS Contribution in Relation to the Contractually Required Contribution	<u>(435,952)</u>	<u>(414,561)</u>	<u>(385,401)</u>	<u>(323,424)</u>	<u>(330,190)</u>	<u>(310,709)</u>
FRS Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
City's Covered-Employee Payroll (FYE 9/30)	\$ 2,507,952	\$ 2,473,718	\$ 2,396,262	\$ 2,015,895	\$ 1,490,336	\$ 1,737,938
FRS Contributions as a Percentage of Covered-Employee Payroll	17.38%	16.76%	16.08%	16.04%	22.16%	17.88%

HEALTH INSURANCE SUBSIDY PENSION PLAN

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually Required Contribution	\$ 41,632	\$ 41,072	\$ 39,826	\$ 37,929	\$ 37,683	\$ 32,416
HIS Contribution in Relation to the Contractually Required Contribution	<u>(41,632)</u>	<u>(41,072)</u>	<u>(39,826)</u>	<u>(37,929)</u>	<u>(37,683)</u>	<u>(32,416)</u>
HIS Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
City's Covered-Employee Payroll (FYE 9/30)	\$ 2,507,952	\$ 2,473,718	\$ 2,396,262	\$ 2,015,895	\$ 1,490,336	\$ 1,737,938
HIS Contributions as a Percentage of Covered-Employee Payroll	1.66%	1.66%	1.66%	1.88%	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	9/30/2020	9/30/2019	9/30/2018
Total OPEB Liability			
Service Cost	21,799	21,243	22,887
Interest	14,760	16,950	15,182
Changes of benefit terms	-	-	-
Differences between Expected and Actual Experience	(49,765)	-	-
Changes of Assumptions	15,909	35,954	(30,938)
Benefit Payments	(18,443)	(17,800)	(16,368)
Net Change in Total OPEB Liability	(15,740)	56,347	(9,237)
Total OPEB Liability - Beginning	449,404	393,057	402,294
Total OPEB Liability - Ending	<u>\$ 433,664</u>	<u>\$ 449,404</u>	<u>\$ 393,057</u>
Covered Employee Payroll (Projected)	\$ 2,351,736	\$ 2,316,469	\$ 2,259,970
Total OPEB Liability as a % of Covered Employee Payroll	18.44%	19.40%	17.39%

Notes to Schedule:

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

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, 2020:	2.14%
Fiscal Year Ending September 30, 2019:	3.58%
Fiscal Year Ending September 30, 2018:	4.18%

Combining and Individual Fund Financial Statements

**CITY OF LIVE OAK, FLORIDA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2020**

	Special Projects Fund	Victim's Advocate Fund	Public Safety Fund	Total
Assets				
Cash and cash equivalents	\$ -	\$ -	\$ 3,848	3,848
Due from other governments	35,887	4,928	-	40,815
Total Assets	<u>35,887</u>	<u>4,928</u>	<u>3,848</u>	<u>44,663</u>
Liabilities and Fund Balances:				
Liabilities:				
Due to other funds/internal balance	35,887	4,928	-	40,815
Total Liabilities	<u>35,887</u>	<u>4,928</u>	<u>-</u>	<u>40,815</u>
Fund Balances:				
Reserved for:				
Law enforcement	-	-	3,848	3,848
Total Fund Balances	<u>-</u>	<u>-</u>	<u>3,848</u>	<u>3,848</u>
Total Liabilities and Fund Balances	<u>\$ 35,887</u>	<u>\$ 4,928</u>	<u>\$ 3,848</u>	<u>\$ 44,663</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, 2020

	Special Projects Fund	Victim's Advocate Fund	Public Safety Fund	Total
Revenues:				
Intergovernmental	\$ 43,885	\$ 30,921	\$ -	\$ 74,806
Fines and Forfeitures	-	-	992	992
Total Revenues	<u>43,885</u>	<u>30,921</u>	<u>992</u>	<u>75,798</u>
Expenditures:				
Public Safety	43,885	30,921	-	74,806
Total Expenditures	<u>43,885</u>	<u>30,921</u>	<u>-</u>	<u>74,806</u>
(Deficiency) excess of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>992</u>	<u>992</u>
Fund Balances, Beginning of Year	<u>-</u>	<u>-</u>	<u>2,856</u>	<u>2,856</u>
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,848</u>	<u>\$ 3,848</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, 2020 AND 2019

	2020	2019
Governmental Funds Capital Assets:		
Land	1,823,159	1,824,329
Buildings	4,131,558	4,131,558
Improvements other than buildings	2,231,061	2,229,061
Machinery and equipment	4,525,753	4,712,398
Infrastructure	8,544,688	8,265,221
Construction work in progress	169,510	60,515
Total governmental fund capital assets	<u>21,425,729</u>	<u>21,223,082</u>
Investments in Governmental Funds Capital Assets by Source:		
General Fund	9,102,696	8,972,415
Special Revenue Funds	1,222,294	1,259,428
Capital Projects Fund	76,366	76,366
Federal, State, and County Grants	7,162,189	7,051,194
General Obligation Bonds	359,781	359,781
Grants and other contributed capital	3,502,403	3,503,898
Total investment in governmental funds capital assets	<u>21,425,729</u>	<u>21,223,082</u>

CITY OF LIVE OAK, FLORIDA
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY
FOR THE YEAR ENDED SEPTEMBER 30, 2020

Function and Activity	Land	Buildings	Improve- ments Other Than Buildings	Machinery and Equipment	Infra- structure	Construction Work in Progress	Total
General Government:							
Legislative	\$ -	\$ -	\$ -	\$ 33,137	\$ -	\$ -	33,137
Financial and Administrative	1,491,331	2,286,461	436,434	600,196	-	-	4,814,422
	<u>1,491,331</u>	<u>2,286,461</u>	<u>436,434</u>	<u>633,333</u>	<u>-</u>	<u>-</u>	<u>4,847,559</u>
Public Safety:							
Police protection	40,000	676,909	-	956,586	-	-	1,673,495
Protective Insp.	40,000	445,105	-	53,305	-	-	538,410
Fire protection	35,576	641,471	-	1,723,248	-	-	2,400,295
	<u>115,576</u>	<u>1,763,485</u>	<u>-</u>	<u>2,733,139</u>	<u>-</u>	<u>-</u>	<u>4,612,200</u>
Transportation:							
Roads and Streets Facilities	174,013	-	-	1,077,671	6,722,102	169,510	8,143,296
Maintenance	-	65,436	-	81,610	-	-	147,046
	<u>174,013</u>	<u>65,436</u>	<u>-</u>	<u>1,159,281</u>	<u>6,722,102</u>	<u>169,510</u>	<u>8,290,342</u>
Physical Environment:							
Cemetery	42,239	16,176	-	-	-	-	58,415
Other	-	-	1,794,627	-	1,822,586	-	3,617,213
	<u>42,239</u>	<u>16,176</u>	<u>1,794,627</u>	<u>-</u>	<u>1,822,586</u>	<u>-</u>	<u>3,675,628</u>
Total governmental Capital Assets	<u>\$ 1,823,159</u>	<u>\$ 4,131,558</u>	<u>\$ 2,231,061</u>	<u>\$ 4,525,753</u>	<u>\$ 8,544,688</u>	<u>\$ 169,510</u>	<u>\$ 21,425,729</u>

CITY OF LIVE OAK, FLORIDA
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY
FOR THE YEAR ENDED SEPTEMBER 30, 2020

Function and Activity	Governmental Funds Capital Assets 09/30/2019	Additions	Deletions	Governmental Funds Capital Assets 09/30/2020
General Government:				
Legislative	\$ 33,137	\$ -	\$ -	\$ 33,137
Financial and Administrative	4,821,710	4,801	(12,089)	4,814,422
	<u>4,854,847</u>	<u>4,801</u>	<u>(12,089)</u>	<u>4,847,559</u>
Public Safety:				
Police protection	1,774,647	138,549	(239,700)	1,673,496
Protective Inspection	538,410	-	-	538,410
Fire protection	2,437,103	19,705	(56,513)	2,400,295
	<u>4,750,160</u>	<u>158,254</u>	<u>(296,213)</u>	<u>4,612,201</u>
Transportation:				
Roads and Streets Facilities	7,792,301	489,966	(138,972)	8,143,295
Maintenance	152,146	-	(5,100)	147,046
	<u>7,944,447</u>	<u>489,966</u>	<u>(144,072)</u>	<u>8,290,341</u>
Physical Environment:				
Cemetery	58,415	-	-	58,415
Other	3,615,213	2,000	-	3,617,213
	<u>3,673,628</u>	<u>2,000</u>	<u>-</u>	<u>3,675,628</u>
Total governmental funds capital assets	<u><u>\$ 21,223,082</u></u>	<u><u>\$ 655,021</u></u>	<u><u>\$ (452,374)</u></u>	<u><u>\$ 21,425,729</u></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, 2020

Federal Agency Pass-through Entity Federal Program	CFDA#	Contract/Grant Number	Expenditures
U.S. Department of Homeland Security			
Direct Programs:			
Federal Emergency Management Administration Hurricane Irma	97.036		3,949
Indirect Programs:			
U.S. Department of Justice			
Passed through Florida Department of Law Enforcement 2017 JAGC Resid. SUV	16.738	2020-JAGC-SUWA-3-N2-191	25,803
U.S. Department of Justice Passed through Florida Department of Law Enforcement Traffic Control Equipment Upgrades	16.738	2019-JAGD-SUWA-2-N2-184	11,639
U.S. Department of Justice Passed through Florida Department of Law Enforcement Subtotal of CFDA# 16.738	16.738	2020-JAGD-SUWA-1-Y6-004	<u>1,352</u> 38,794
Printers 2019			
Pass through the Office of the Attorney General Victim's Advocate Victims of Crime Act (VOCA)	16.575	VOCA-2019-LIVE OAK POLICE DEPARTMENT -00221	30,921
National Highway Traffic Safety Administration			
Pass through the Florida Department of Transportation			
Occupant Protection 2020	20.616	G1D96	1,601
Speed and Aggressive Driving 2020	20.600	G1D71	3,491
Total Expenditures of Federal Awards			<u>78,756</u>
State Agency Pass-through Entity	CSFA#	Contract/Grant Number	Expenditures
Florida Department of Environmental Protection			
City of Live Oak Sand and Grit Project	37.075	SG032	66,010
Florida Department of Transportation			
Small County Outreach Program	55.009	G1F11	74,372
Total Expenditures of State Financial Assistance			<u>140,382</u>
Total Expenditures of Federal Awards and State Financial Assistance			<u><u>219,138</u></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, 2020

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, 2020. There were no loan expenditures incurred during the year ended September 30, 2020.

All FDEP Program Title Expenditures Loan Amounts

U.S. Department of Environmental Protection	CFDA No.	Outstanding
State Revolving Fund Loan No. WW66206P	66.458	389,307
State Revolving Fund Loan No. WW662080	66.458	1,361,697
State Revolving Fund Loan No. WW662111	66.458	7,408,882
State Revolving Fund Loan No. WW662110	66.458	139,023
State Revolving Fund Loan No. WW610201	66.458	84,782
State Revolving Fund Loan No. WW610220	66.458	1,262,626
State Revolving Fund Loan No. WW610200	66.458	779,111
State Revolving Fund Loan No. WW66207P	66.458	67,947
State Revolving Fund Loan No. WW662070	66.458	307,211
State Revolving Fund Loan No. DW610211	66.458	244,016
State Revolving Fund Loan No. DW610210	66.458	270,101
Total		12,314,703

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

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, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 1, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing 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.

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

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

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, non-compliance with which could have a direct and material effect on the financial statements. 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 non-compliance 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.



June 1, 2021
Tallahassee, Florida

INDEPENDENT ACCOUNTANT'S 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, *Local Government Investment Policies*, for the year ended September 30, 2020. Management of the City is responsible for compliance with the specified requirements. Our responsibility is to express an opinion on the City's compliance with the specified requirements 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 non-compliance, 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 requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2020.

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 Council of the City of Live Oak, and applicable management, and is not intended to be, and should not be, used by anyone other than these specified parties.



June 1, 2021
Tallahassee, Florida

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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, 2020, and have issued our report thereon dated June 1, 2021.

Auditor's 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; and Chapter 10.550, *Rules of the Auditor General*.

Other Reporting Requirements

We have issued our Independent Auditor's 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*; and Independent Accountant's 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 June 1, 2021, 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.

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

MANAGEMENT LETTER

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 non-compliance 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.

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

MANAGEMENT LETTER

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.

A handwritten signature in blue ink that reads "Purvis Gray". The signature is written in a cursive style with a large initial "P".

June 1, 2021
Tallahassee, Florida

AFFIDAVIT OF IMPACT FEE COMPLIANCE

BEFORE ME, the undersigned authority, personally appeared Joanne M. Luther, who being duly sworn, deposes and says on oath that:

- 1. I am the Chief Financial Officer of the City of Live Oak which is a local governmental entity of the State of Florida;
- 2. The City of Live Oak adopted (Ordinance No. 1058 7-13-2004, 1105 11-8-2005, 1161 11-14-2006, 1196 9-11-2007, 1236 10-14-2008, 1284 9-28-2010, 1305 9-27-2011, 1399 9-27-2016 implementing an impact fee; and
- 3. The City of Live Oak has complied and, as of the date of this Affidavit, remains in compliance with Section 163.31801, Florida Statutes.

FURTHER AFFIANT SAYETH NAUGHT.

Joanne M Luther
 Joanne M. Luther, Finance Director

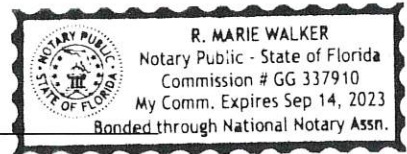
STATE OF FLORIDA
COUNTY OF SUWANNEE

SWORN TO AND SUBSCRIBED before me this 25th day of May, 2020.

R Marie Walker
 NOTARY PUBLIC
 Print Name R marie walker

Personally known or produced identification _____

Type of identification produced: _____



My Commission Expires:

Sept 14, 2023