

CITY OF LIVE OAK

**Audited Financial Statements and
Independent Auditors' Reports
Year ended September 30, 2015**

14-15

City of Live Oak, Florida
101 S.E. White Avenue
Live Oak, Florida 32064

CITY OF LIVE OAK, FLORIDA

CITY OFFICIALS

September 30, 2015

<u>Officials</u>	<u>Elected Term Expiration</u>
<u>Mayor</u>	
Garth R. Nobles, Jr.	June 2018
<u>City Council</u>	
Jacob Grantham	June 2016
Frank Davis	June 2018
Keith Mixon	June 2016
Bennie L. Thomas	June 2016
John Yulee	June 2018
<u>City Clerk</u>	
John Gill	June 2018
<u>City Attorney</u>	
Ernest Sellers, Attorney at Law	
<u>City Administration</u>	
Janet L Parkhurst	City Manager
Janet L. Parkhurst	Director of Finance
Alton "Buddy" Williams	Chief of Police
Chad Croft	Fire Chief

**CITY OF LIVE OAK, FLORIDA
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September 30, 2015

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CITY OF LIVE OAK, FLORIDA

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INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and City Commissioners
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, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Certified Public Accountants

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

The Honorable Mayor and City Commissioners
City of Live Oak
Live Oak, Florida

INDEPENDENT AUDITORS' REPORT
(Continued)

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of September 30, 2015, and the respective changes in financial position and, where applicable, cash flows, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, during the current year, the City adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. These statements require employers participating in defined benefit pension plans to report the net pension liability and other pension related deferred inflows and outflows related to these plans. In connection with the implementation of this statement, the City decreased its beginning net position in the governmental activities by \$2,466,475. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements on pages 80 through 81 and capital asset schedules on pages 83 through 85 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis as required by Chapter 10.550, *Rules of the Auditor General of the State of Florida* and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial

The Honorable Mayor and City Commissioners
City of Live Oak
Live Oak, Florida

INDEPENDENT AUDITORS' REPORT
(Concluded)

Other Matters (Concluded)

Other Information (Concluded)

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

The capital asset schedules on pages 83 through 85 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 3, 2016, 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 3, 2016
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, 2015, with selected comparative information for the fiscal year ended September 30, 2014. 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 of the City of Live Oak exceed its liabilities at the close of fiscal year 2015 by \$49,699,584 (net position). Of this amount, \$2,050,964 (unrestricted net position) would have been available to meet the government's ongoing obligations to citizens and creditors. Requirements of GASB 68 insure that all long-term debt is reflected in Net Position, therefore with the GASB 68 reporting the 2015 Unrestricted Net Position is (\$321,430).
- The City's total net position decreased by (\$2,597,384) or (5)%. The governmental activities net position decreased by (\$2,195,770) including the prior period adjustment for GASB 68 and the business-type net position decreased by (\$401,614) or (.18)% and (.01)% respectively.
- At the closing of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$4,401,573, a decrease of (\$373,297) in comparison with the prior year. At that time, \$219,582 is at the government's discretion (unreserved fund balance).

Overview of the Financial Statements

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

Government-Wide Financial Statements

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

The statement of Net Position includes all of the City's (1) assets and deferred outflows of resources, (2) liabilities and deferred inflows of resources, with the residual measure reported as *net position*. It also provides information about the nature and amounts of investments in resources (assets) and the obligations to City creditors (liabilities). The assets and liabilities are presented in a classified format, which distinguishes between current and long-term assets and liabilities. Net position, the difference between assets and liabilities, provide the basis for computing rate of return, evaluating the capital structure of the City, and assessing the liquidity and financial flexibility of the City. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities measures the success of the City's operations over the past year and can be used to determine whether the City has successfully recovered all its costs through its services provided, as well as its profitability, and credit worthiness. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future periods.

The government-wide statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). Governmental activities include general government, public safety, economic environment, physical environment, transportation, culture and recreation. Business-type activities include water and gas utilities, sewer, stormwater, and the refuse collection and disposal system. The government-wide financial statements can be found on page 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 18 to 21 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 68.

The combining statements referred to earlier in connection with non-major governmental and enterprise funds can be found beginning on page 80 of this report.

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Continued)

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.

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.

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

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 %
	2015	2014	2015	2014	2015	2014	Change 2014-2015
Current and other assets	4,899,576	\$ 5,018,006	3,303,967	\$ 4,052,480	\$ 8,203,543	\$ 9,070,486	-9.6%
Capital assets	8,448,147	7,948,067	59,943,859	60,970,974	\$ 68,392,006	\$ 68,919,041	-0.8%
Total assets	<u>13,347,723</u>	<u>12,966,073</u>	<u>63,247,826</u>	<u>65,023,454</u>	<u>76,595,549</u>	<u>77,989,527</u>	<u>-1.8%</u>
Total Deferred Outflows	<u>705,460</u>	-	-	-	<u>705,460</u>	-	<u>100.0%</u>
Current liabilities	625,657	243,136	2,146,574	2,103,518	2,772,231	2,346,654	18.1%
Noncurrent liabilities	2,926,593	485,245	21,443,590	22,860,660	24,370,183	23,345,905	4.4%
Total liabilities	<u>3,552,250</u>	<u>728,381</u>	<u>23,590,164</u>	<u>24,964,178</u>	<u>27,142,414</u>	<u>25,692,559</u>	<u>5.6%</u>
Total Deferred Inflows	<u>459,011</u>	-	-	-	<u>459,011</u>	-	<u>100%</u>
Net Position							
Net Investments in capital assets	8,448,147	7,948,067	37,083,202	36,720,634	45,531,349	44,668,701	1.9%
Restricted for debt service	-	-	287,272	287,272	287,272	287,272	0.0%
Restricted	3,979,811	4,282,972	222,582	177,344	4,202,393	4,460,316	-5.8%
Unrestricted	(2,386,036)	6,653	2,064,606	2,874,026	(321,430)	2,880,679	-111.2%
Total Net Position	<u>\$ 10,041,922</u>	<u>\$ 12,237,692</u>	<u>\$ 39,657,662</u>	<u>\$ 40,059,276</u>	<u>\$ 49,699,584</u>	<u>\$ 52,296,968</u>	<u>-5.0%</u>

*The 2014 data has not been restated for the effects of GASB68. For more detailed information see the Statement of Net Position on page 14.

The majority of the City's net position, 91.61% and 85.41% at September 30, 2015 and 2014 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.

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 9 % and 9% of net position at September 30, 2015 and 2014 respectively.

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

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

	Governmental	Activities	Business-Type		Totals		Total % Change
	2015	2014	2015	2014	2015	2014	2014-2015
<u>Revenues</u>							
Program revenue							
Charges for services	180,136	174,473	6,474,118	6,587,638	6,654,254	6,762,111	-1.60%
Capital Grants/Contri.	70,200	-	597,873	565,382	668,073	565,382	18.16%
Operating Grants/Contri	44,342	349,333	53,633	193,390	97,975	542,723	-81.95%
General revenue					-		
Taxes	4,321,764	4,292,826	178,566	188,820	4,500,330	4,481,646	0.42%
Intergovernmental	526,127	470,581	-	-	526,127	470,581	11.80%
Investment earnings	5,100	6,364	2,458	3,893	7,558	10,257	-26.31%
Miscellaneous	99,382	130,154	-	3,626	99,382	133,780	-25.71%
	<u>5,247,051</u>	<u>5,423,731</u>	<u>7,306,648</u>	<u>7,542,749</u>	<u>12,553,699</u>	<u>12,966,480</u>	<u>-3.2%</u>
<u>Expenses</u>							
General government	1,524,208	1,907,158	-	-	1,524,208	1,907,158	-20.08%
Public safety	3,023,017	2,816,670	-	-	3,023,017	2,816,670	7.33%
Transportation	1,387,928	1,657,304	-	-	1,387,928	1,657,304	-16.25%
Physical environment	458,681	524,016	-	-	458,681	524,016	-12.47%
Human services	29,750	18,750	-	-	29,750	18,750	58.67%
Economic Environment	30,202						
Culture/recreation	308,730	208,460	-	-	30,202	208,460	-85.51%
Water, sewer, stormwater, gas, and sanitation	-	-	5,427,411	5,811,796	5,427,411	5,811,796	-6.61%
	<u>6,762,516</u>	<u>7,132,358</u>	<u>5,427,411</u>	<u>5,811,796</u>	<u>11,881,197</u>	<u>12,944,154</u>	<u>-8.2%</u>
Changes in net position							
before transfers	(1,515,465)	(1,708,627)	1,879,237	1,730,953	363,772	22,326	1529.36%
Other non-operating	-	-	(464,773)	(491,622)	(464,773)	(491,622)	0.00%
Interfund Services							
Provided (Used)	1,816,078	1,369,867	(1,816,078)	(1,369,867)	-	-	-
Change in net position	300,613	(338,760)	(401,614)	(130,536)	(101,001)	(469,296)	-78.48%
Net position - beginning *	9,741,309	12,576,452	40,059,276	40,189,812	49,800,585	52,766,264	-5.62%
Net position - ending	<u>10,041,922</u>	<u>12,237,692</u>	<u>39,657,662</u>	<u>40,059,276</u>	<u>49,699,584</u>	<u>52,296,968</u>	<u>-5.0%</u>

The City's total revenue decreased by (3.2) % or (\$412,781), which is due to Operating and Capital Grants being completed. The total cost of all programs decreased (8.2) % or \$(1,062,957). Our analysis below separately considers the operations of governments and business-type activities.

****Beginning Net Position has been restated for the effects of the implementation of GASB68. The 2014 figures have not been restated.***

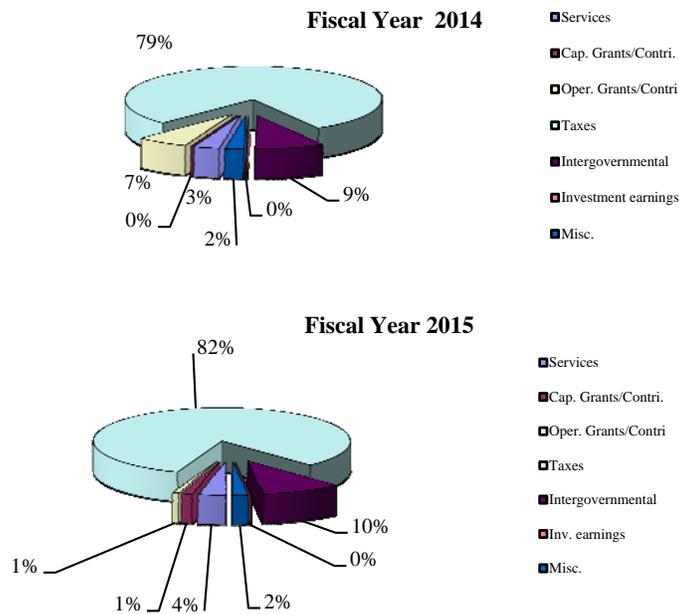
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Governmental Activities

The cost of all governmental activities this year was \$6.8 million compared to \$7.1 million last year. However, as shown in the Statement of Activities on page 17, the amount the City's taxpayers ultimately paid for these activities through City taxes was \$4.3 million with the remaining amount being paid by Capital Grants, and Contributions. Overall, the City's governmental program revenues decreased in fiscal year 2015 from \$523,806 to \$294,768 due to a decrease in Operating and Capital Grants and Contributions. This reduction of governmental activities cost is also attributed to the change in accounting practices directed by GASB 68 which requires the reporting of long-term pension liability and the annual reduction of that debt to reflect in lowering total expenses for the current years impact of the change in the Net Pension Liability and pension related deferred inflows and outflows.

Below is a comparison of the composition of fiscal year 2014 and 2015 governmental funds revenues and expenses:

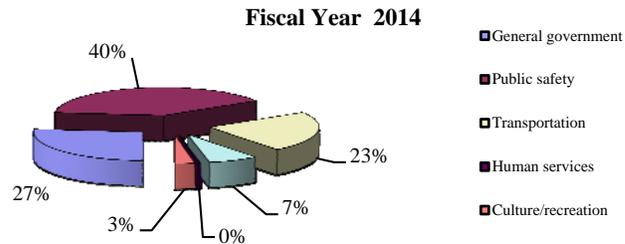
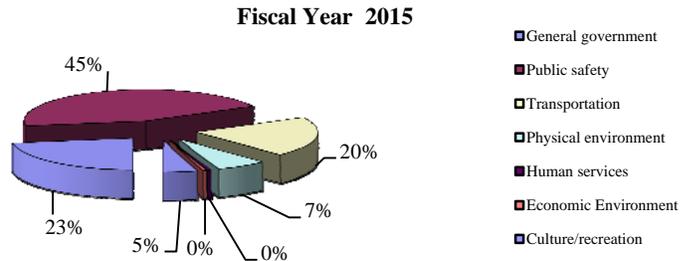
Revenue Comparison by Source



MANAGEMENT’S DISCUSSION AND ANALYSIS
(Continued)

Governmental Activities (continued)

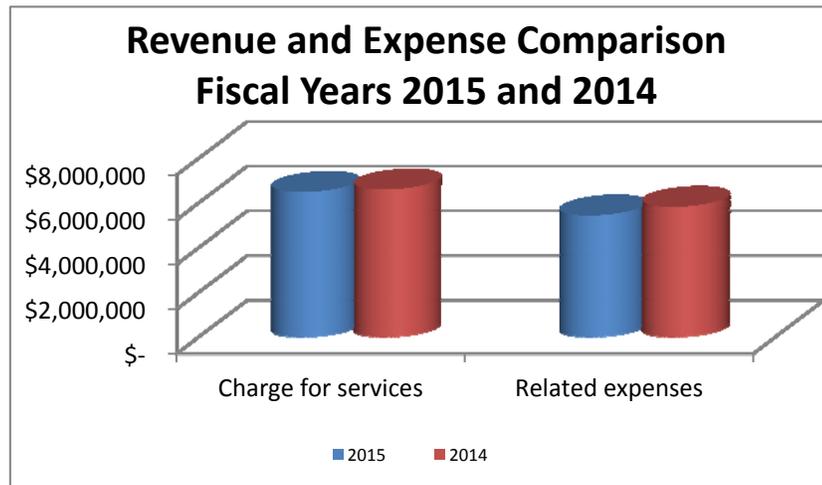
Expenditure Comparison by Source



Business-type Activities

Charges for the services of the City’s business-type activities decreased (1.7%) or (\$113,520) over fiscal year 2015 and operating expenses decreased by (6.6%) or (\$384,385) from the prior year.

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 2014 the City had \$68,392,006 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 \$(527,034) in capital assets which is reflected in a governmental activities increase of \$500,080 or 6% and a decrease of \$(1,027,115) or (1.6)% for business-type activities. The following table illustrates the changes in capital assets (see pages 44 and 45 in the notes to the financial statements for detailed changes in capital assets).

	Governmental Activities		Business-type Activities		Totals	
	2015	2014	2015	2014	2015	2014
Capital Assets:						
Land	\$ 1,464,345	\$ 1,447,687	\$ 1,602,184	\$ 1,602,184	3,066,529	\$ 3,049,871
Buildings and improvements	5,069,797	5,019,376	69,885,540	69,600,259	74,955,337	74,619,635
Machinery and equipment	4,125,739	4,068,468	2,357,352	2,371,152	6,483,091	6,439,620
Infrastructure	2,846,201	2,753,921	-	-	2,846,201	2,753,921
Construction work in progress	967,078	193,289	305,483	19,000	1,272,561	212,289
Subtotal	\$ 14,473,160	\$ 13,482,741	\$ 74,150,559	\$ 73,592,595	\$ 88,623,719	\$ 87,075,336
Less Accumulated Depreciation	(6,025,013)	(5,534,675)	(14,206,700)	(12,621,621)	(20,231,713)	(18,156,296)
Capital Assets, Net	\$ 8,448,147	\$ 7,948,066	\$ 59,943,859	\$ 60,970,974	\$ 68,392,006	\$ 68,919,040

The City's capital budget for fiscal year 2016 calls for approximately \$2,362,487 in capital projects. This is partially comprised of \$400,000 for Water line improvements, \$1,706,287 for Street improvements, and \$77,200 for Stormwater improvements.

MANAGEMENT’S DISCUSSION AND ANALYSIS
(Continued)

Debt

At September 30, 2015 the City had \$22,860,657 in notes payable. This is a decrease over fiscal year 2014 of \$1,389,683. In 2015, 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, were reduced to a total of \$22,860,657. This balance is detailed in Note 11 Long-term Debt on page 48.

	Business-type Activities	
	2015	2014
Note Payable-DEP	\$ 22,860,657	\$ 24,250,340
	<u>\$ 22,860,657</u>	<u>\$ 24,250,340</u>

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.

Again this year, the down-turn in the economy nation-wide has had a major impact in the growth and development inside the City limits and adjacent County zoned land. Job creation has been a goal of the City for many years and to this end, we have been working with the Federal and State governments on how to meet this goal. However, the City continues to explore the most viable alternatives for both grant opportunities and municipal debt to address this lack of 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, City’s consulting engineers, and private developers to address grant opportunities in preparation for the up-turn of the economy. Because of this work, the City has positioned it’s self in such a manor, to be able to take advantage of any State/Federal Grant to provide both services and construction to meet this need.

Public Works Department

Streets- Walker Avenue from Pinewood Way north to US90 has been repaved. The project also included utility improvements needed in conjunction with the paving project. This \$800,000 project was completed the beginning of 2016.

Stormwater Improvements- The City continues to work with the Department of Economic Opportunity, and Department of Emergency Management to revise our current stormwater master plan to address the flooding issues that transpired from Tropical Storm Debby. The city has obtained a funding agreement with the Suwannee River Water Management District to rehabilitate several drainage wells located within the City. That project expected to be completed in 2016.

Wastewater System- The City continues to apply reuse to the aquifer recharge system at Camp Weed east of the City at a rate of approximately 450,000 gpd. The City has also worked with the SRWMD’s Rivers program to obtain funding to supply reuse to the Suwannee Golf course which is also east of the City.

MANAGEMENT’S DISCUSSION AND ANALYSIS *(Continued)*

Fire Department

Live Oak Fire Department continues to strive to make our City a better place to live. The fire department is still second to none for a city our size with a protection class rating of three. This rating means better homeowner insurance rates. In addition, the fire department gives our residents the peace of mind they are protected by a well-equipped fulltime paid fire department. Our goal is to maintain this level of excellence. Fire fighters and their officers stay on the forefront of training and education to stay up with the latest innovations in their field. Fire department personnel logged over 5772 hours of training in 2015. Fire department personnel test over 300 hydrants in the city to keep our protection class low and to make sure the hydrants are in good working. In addition to testing the hydrants approximately 11,000 feet of hose is tested every year

Our fire inspection staff, consisting of the safety officer and the fire chief continue to conduct fire inspections and plan reviews throughout the year. We also take fire fighters on preplan inspections of local businesses to make sure they are prepared if one of these establishments were to catch fire. The safety officer teaches several fire extinguisher classes throughout the year.

Fire department personnel conduct numerous station tours throughout the year. They also go to local schools and daycares and conduct fire education classes. The fire department, with the help of local businesses, makes a calendar every year. The proceeds from this fundraiser are used to buy fire education literature, kid’s fire helmets, and pencils to distribute during station tours and education talks. We also use a portion of the money to buy smoke detectors to give to residents in our community.

The fire department with the help of Love INC continues to provide toys to the less fortunate in our community during the Christmas season. Toys for Sparky’s Kids remain a very successful outreach in Live Oak and Suwannee County. We also provide several thousand dollars to the fight against muscular dystrophy through the annual boot drive.

As you can see there is a lot more to the fire department than responding to calls. Some people say that because our call load is low that we are not needed. The fire fighters see the low call load as a measure of their success. The better we do our job in educating the public about fire safety, the less tragedies will occur because of fire.

Live Oak Fire Department ran 303 calls in 2015 with a break down as follows.

Structure fires – 8	Misc. calls – 19	Gas leaks – 37	EMS assist – 4
Fire/smoke investigations – 12	Motor vehicle accidents – 98	Power lines down – 28	Fire alarms – 41
Vehicle fires – 12	Service calls – 30	Hazardous materials spills or leaks – 2	

Police Department

The Live Oak Police Department continues to provide top quality law enforcement in our area. We focus on Community Oriented Policing in an effort to bring the community and law enforcement together in a positive light. The teen academy continues to be a success along with the candy carnival, sports sponsorship team programs and school related programs, these are all efforts that are made to show our support back to the community. The officers are continually training in new laws and ordinances to maintain the level of quality law enforcement that our citizens deserve. The Live Oak Police Department has updated the agency server and traffic crash programs. The victim advocate continues to provide much needed assistance to victims of domestic violence and other crime victims. This service is provided through the Attorney Generals VOCA grant program. As always the Live Oak Police Department is determined and dedicated to use the latest equipment and knowledge to provide the best law enforcement in North Florida.

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

Future Projects

- Phase II of the Stormwater Improvements - Several areas in the City have been purchased for retention ponds and improvements to the storm water system. These include Madison Highway, Myrtle/Meadow and Winderweedle to Lime Ave. The City is preparing a CDBG application which will include a stormwater drainage project in the Anna Avenue/McGee area.
- Capital Improvement Programs for paving/repaving roads and streets. The City has an inter-local agreement with the County for a perimeter road. Funding for this project is being funding by FDOT to the County with the City previously assisting with design costs and right-of way purchases. One addition right-of-way purchase within the City limits may be necessary. Construction could begin in 2016. The City is also in the design phase of Phase II of a road improvement plan that will re-pave Winderweedle and Walker (90 to Winderweedle) Streets. A FDOT SCOP in the amount of \$915,900 has been awarded to pave Ichetucknee Road with construction planned to begin in 2016. The City has also included in the CDBG funding application paving/repaving of several streets in the Madison St. area and also in the Anna Street area.
- FDOT has awarded funding for Rail-to-Trail continued improvement. This funding has been awarded to Suwannee County to be implemented through the Suwannee Recreation Department utilizing their LAP certification and will extend the Trail south from Helvenston Street toward the southern city limits. The construction should begin in 2017.

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.


Janet L. Parkhurst
Finance Director



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

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and Cash Equivalents	\$ 4,336,965	\$ 1,161,078	\$ 5,498,043
Receivables, Net of Allowance for Uncollectible Accounts	158,848	679,168	838,016
Due from Other Governments	209,403	239,040	448,443
Prepaid Items	194,360	180,278	374,638
Noncurrent Restricted Cash	-	1,044,403	1,044,403
Capital Assets:			
Land, Improvements, and Construction in Progress	2,431,423	1,907,667	4,339,090
Other Capital Assets, Net of Depreciation	6,016,724	58,036,192	64,052,916
Total Assets	13,347,723	\$ 63,247,826	76,595,549
Total Deferred Outflows of Resources	705,460		705,460
Liabilities:			
Accounts Payable and Other Accrued Liabilities	407,622	102,492	510,114
Due to Other Governments	87	-	87
Unearned Revenue	90,294	-	90,294
Restricted Fund Liabilities:			
Customer Deposits	-	534,549	534,549
Bonds, Notes, and Other Payables:			
Accrued Interest Payable	-	92,466	92,466
Due or payable Within One Year	-	1,417,067	1,417,067
Due or Payable in More Than One Year	-	21,443,590	21,443,590
Compensated Absences	299,215	-	299,215
Net Pension Liability	2,618,843	-	2,618,843
OPEB Liability	136,189	-	136,189
Total Liabilities	3,552,250	23,590,164	27,142,414
Total Deferred Inflows of Resources	459,011		459,011
Net Position			
Net Investment in Capital Assets	8,448,147	37,083,202	45,531,349
Restricted for:			
Law Enforcement	22,472	-	22,472
Community Redevelopment	551,316	-	551,316
Capital Improvements	2,818,930	222,582	3,041,512
Road Improvements	587,093	-	587,093
Debt Service	-	287,272	287,272
Unrestricted	(2,386,036)	2,064,606	(321,430)
Total Net Position	10,041,922	39,657,662	49,699,584

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

CITY OF LIVE OAK, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Program Revenue			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
		Governmental Activities	Business-type Activities	Total			
Government Activities							
General Government	\$ 1,524,208	\$ 103,398	\$ -	\$ -	\$ (1,420,810)	\$ -	\$ (1,420,810)
Public Safety	3,023,017	74,259	5,000	-	(2,943,758)	-	(2,943,758)
Transportation	1,387,928	-	-	20,200	(1,367,728)	-	(1,367,728)
Physical Environment	458,681	-	9,139	-	(449,542)	-	(449,542)
Human Services/Health	29,750	-	-	-	(29,750)	-	(29,750)
Economic Environment	30,202	2,479	30,203	-	2,480	-	2,480
Culture/Recreation	308,730	-	-	50,000	(258,730)	-	(258,730)
Total Governmental	\$ 6,762,516	\$ 180,136	\$ 44,342	\$ 70,200	(6,467,838)	-	(6,467,838)
Business-type Activities							
Water and Sewer Utility	4,223,105	4,126,577	53,633	455,020	-	412,125	412,125
Stormwater	121,349	116,384	-	142,853	-	137,888	137,888
Gas Utility	696,825	918,575	-	-	-	221,750	221,750
Sanitation	850,905	1,312,582	-	-	-	461,677	461,677
Total Business-type	\$ 5,892,184	\$ 6,474,118	\$ 53,633	\$ 597,873	-	1,233,440	1,233,440
Total Governmental and Business-type Activities	\$ 12,654,700	\$ 6,654,254	\$ 97,975	\$ 668,073	(6,467,838)	1,233,440	(5,234,398)
General Revenues and Transfers							
Property Taxes, Levied for General Purposes					1,512,148	-	1,512,148
Property Taxes, Levied for Tax Increment District					239,050	-	239,050
Sales Taxes					864,976	-	864,976
Local Option Gas Tax					352,701	-	352,701
Franchise Taxes					710,736	-	710,736
Utility Taxes					642,153	178,566	820,719
State Revenue Sharing					256,106	-	256,106
Other Intergovernmental Revenues					270,021	-	270,021
Investment Earnings					5,100	2,458	7,558
Gain (Loss) on Disposal of Fixed Assets					3,062	-	3,062
Rental Space					46,381	-	46,381
Miscellaneous Revenue					49,939	-	49,939
Transfers					1,816,078	(1,816,078)	-
Total General Revenues and Transfers					6,768,451	(1,635,054)	5,133,397
Changes in Net Position					300,613	(401,614)	(101,001)
Net Position, Beginning of Year (As Restated)					9,741,309	40,059,276	49,800,585
Net Position, Ending of Year					\$ 10,041,922	\$ 39,657,662	\$ 49,699,584

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

CITY OF LIVE OAK, FLORIDA
BALANCE SHEET
GOVERNMENT FUNDS
SEPTEMBER 30, 2015

	Governmental Funds				Total
	General	Capital Projects Fund	Community Redevelop- ment Tax	Non-major Funds	
Assets					
Cash and Cash Equivalents	\$ 440,701	\$ 3,311,828	\$ 561,964	\$ 22,472	\$ 4,336,965
Accounts Receivable, Net	158,848	-	-	-	158,848
Due from Other Funds/Internal Balance	14,950	-	-	-	14,950
Due from Other Governments	87,139	94,195	13,849	14,220	209,403
Prepaid Items	171,360	-	23,000	-	194,360
Total Assets	\$ 872,998	\$ 3,406,023	\$ 598,813	\$ 36,692	\$ 4,914,526
Liabilities					
Accounts Payable and Other Current Liabilities	\$ 393,182	\$ -	\$ 14,440	\$ -	\$ 407,622
Due to Other Funds/Internal Balance	-	-	730	14,220	14,950
Due to Other Governments	87	-	-	-	87
Unearned Revenue	80,967	-	9,327	-	90,294
Total Liabilities	474,236	-	24,497	14,220	512,953
Fund Balances					
Nonspendable:					
Prepaid Items	171,360	-	23,000	-	194,360
Restricted for:					
Law Enforcement	-	-	-	22,472	22,472
Community Redevelopment	-	-	551,316	-	551,316
Capital Improvements	-	2,818,930	-	-	2,818,930
Road Improvements	-	587,093	-	-	587,093
Committed:					
Annual Leave Reserve	7,820	-	-	-	7,820
Unassigned, Reported in:					
General fund	219,582	-	-	-	219,582
Total Fund Balances	398,762	3,406,023	574,316	22,472	4,401,573
Total Liabilities and Fund Balances	\$ 872,998	\$ 3,406,023	\$ 598,813	\$ 36,692	\$ 4,914,526

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, 2015

Total Fund Balances of Governmental Funds	\$ 4,401,573
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.	8,448,147
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	705,460
Deferred Inflows of Resources	(459,011)
Net pension liability does not require the use of current financial resources and, therefore, is not reported as a liability in governmental funds.	(2,618,843)
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	(299,215)
Other Post Employment Benefit Liability	(136,189)
Net Position of Governmental Activities	\$ 10,041,922

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 - GOVERNMENT FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

	General	Capital Projects Funds	Community Redevelopment Tax	Nonmajor Funds	Total
Revenues					
Taxes	\$ 2,841,066	\$ 939,494	\$ 239,050	\$ -	\$ 4,019,610
Licenses and Permits	164,935	-	-	-	164,935
Intergovernmental	844,148	-	30,203	54,333	928,684
Charges for Services	11,675	-	2,479	-	14,154
Fines and Forfeitures	16,047	-	-	-	16,047
Tower Rental	46,381	-	-	-	46,381
Interest	320	3,998	782	-	5,100
Miscellaneous	43,001	-	9,139	-	52,140
Total Revenue	3,967,573	943,492	281,653	54,333	5,247,051
Expenditures					
General Government	1,415,454	-	104,094	-	1,519,548
Public Safety	2,922,493	-	23,978	64,789	3,011,260
Transportation	2,071,702	-	-	-	2,071,702
Physical Environment	350,849	-	114,385	-	465,234
Human Services	29,750	-	-	-	29,750
Economic Environment	-	-	30,202	-	30,202
Culture/Recreation	264,777	-	43,953	-	308,730
Total Expenditures	7,055,025	-	316,612	64,789	7,436,426
(Deficiency) Excess of Revenue (Under) Over Expenditures	(3,087,452)	943,492	(34,959)	(10,456)	(2,189,375)
Other Financing Sources (Uses):					
Transfers in	3,179,886	-	180,111	-	3,359,997
Transfers out	(180,111)	(1,363,808)	-	-	(1,543,919)
Total Other Financing Sources (Uses)	2,999,775	(1,363,808)	180,111	-	1,816,078
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	(87,677)	(420,316)	145,152	(10,456)	(373,297)
Fund Balances, Beginning of Year	486,439	3,826,339	429,164	32,928	4,774,870
Fund Balances, End of Year	\$ 398,762	\$ 3,406,023	\$ 574,316	\$ 22,472	\$ 4,401,573

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, 2015

Net Change in Fund Balances - Total Governmental Funds \$ (373,297)

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

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

Capital Outlay Expenditures	\$ 1,029,365	
Depreciation Expense	<u>(529,284)</u>	500,081

The changes in net pension liability and pension related deferred outflows and in flows result in an adjustment to pension expense in the statement of activities, but not in the governmental fund statements	123,989
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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		78,094
Change in OPEB Liability		<u>(28,254)</u>

Change in Net Position of Governmental Activities	<u><u>\$ 300,613</u></u>
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The notes to the financial statements are an integral part of this statement.

CITY OF LIVE OAK, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Business-Type Activities-Enterprise Funds				Total
	Water and Sewer Fund	Stormwater Fund	Gas Fund	Sanitation Fund	
Assets					
Current Assets:					
Cash and Cash Equivalents	\$ 863,098	\$ 72,375	\$ 223,068	\$ 2,537	\$ 1,161,078
Accounts Receivables, Net	422,263	9,962	92,944	153,999	679,168
Due from Other Governments	111,387	127,653	-	-	239,040
Other Current Assets	128,817	4,117	18,526	28,818	180,278
Total Current Assets	1,525,565	214,107	334,538	185,354	2,259,564
Property and Equipment					
Land	1,578,657	22,927	600	-	1,602,184
Building and Improvements	68,053,458	1,224,479	607,602	-	69,885,539
Machinery and Equipment	854,567	219,939	245,772	1,037,075	2,357,353
Total Property and Equipment	70,486,682	1,467,345	853,974	1,037,075	73,845,076
Less Accumulated Depreciation	(12,236,966)	(388,553)	(782,279)	(798,902)	(14,206,700)
Construction Work in Progress	140,380	146,103	19,000	-	305,483
Net Property and Equipment	58,390,096	1,224,895	90,695	238,173	59,943,859
Noncurrent Restricted Cash	742,663	19,103	149,209	133,428	1,044,403
Total Assets	60,658,324	1,458,105	574,442	556,955	63,247,826
Liabilities					
Current Liabilities:					
Accounts Payable	26,378	23,715	27,112	25,287	102,492
Accrued Interest Payable	87,418	5,048	-	-	92,466
Current Portion of Notes Payable	1,386,228	30,839	-	-	1,417,067
Total Current Liabilities	1,500,024	59,602	27,112	25,287	1,612,025
Deposits	295,493	-	149,209	89,847	534,549
Notes Payable	20,938,453	505,137	-	-	21,443,590
Total Liabilities	22,733,970	564,739	176,321	115,134	23,590,164
Net Position					
Net Investment in Capital Assets	36,065,415	688,919	90,695	238,173	37,083,202
Restricted for Capital Replacement	179,001	-	-	43,581	222,582
Restricted for Debt Service	268,169	19,103	-	-	287,272
Unrestricted	1,411,769	185,344	307,426	160,067	2,064,606
Total Net Position	\$ 37,924,354	\$ 893,366	\$ 398,121	\$ 441,821	\$ 39,657,662

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

CITY OF LIVE OAK, FLORIDA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

	Business-type Activities-Enterprise Funds				Total
	Water and Sewer Fund	Stormwater Fund	Gas Fund	Sanitation Fund	
Operating Revenues					
Charges for Services	\$ 4,126,577	\$ 116,384	\$ 918,182	\$ 1,312,582	6,473,725
Operating Expenses					
Cost of Sales	-	-	426,313	313,940	740,253
Materials and Supplies	218,615	-	8,167	46,022	272,804
Utilities	294,187	-	3,831	451	298,469
Taxes	-	-	16,448	-	16,448
Maintenance and Repairs	88,884	-	3,430	35,205	127,519
Depreciation	1,475,419	60,185	11,584	51,691	1,598,879
Insurance	53,335	1,372	1,238	4,478	60,423
Other Expenses	18,192	1,000	5,794	5,975	30,961
Contractual Services	1,620,846	47,646	220,020	393,143	2,281,655
Total Operating Expenses	3,769,478	110,203	696,825	850,905	5,427,411
Operating Income	357,099	6,181	221,357	461,677	1,046,314
Nonoperating Revenues (Expenses)					
Interest Earnings	1,830	168	336	124	2,458
Utility Tax	178,566	-	-	-	178,566
Interest Expense	(453,627)	(11,146)	-	-	(464,773)
Other Revenues (Expenses)	-	-	393	-	393
Total Nonoperating Income (Expenses)	(273,231)	(10,978)	729	124	(283,356)
Income Before Other Revenues, Expenses, Gains, and, Transfers	83,868	(4,797)	222,086	461,801	762,958
Capital Contributions (Grants) and Transfers					
Capital Grants	455,020	142,853	-	-	597,873
FEMA/SERT Contributions	53,633	-	-	-	53,633
Transfers in	410,000	-	-	-	410,000
Transfers out	(1,403,592)	(70,963)	(246,619)	(504,904)	(2,226,078)
Increase (Decrease) in Net Assets	(401,071)	67,093	(24,533)	(43,103)	(401,614)
Net Position, Beginning of Year	38,325,425	826,273	422,654	484,924	40,059,276
Net Position, End of Year	\$ 37,924,354	\$ 893,366	\$ 398,121	\$ 441,821	\$ 39,657,662

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

CITY OF LIVE OAK, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

	Business-type Activities-Enterprise Funds				
	Water and Sewer Fund	Stormwater Fund	Gas Fund	Sanitation Fund	Total
Cash Flows From Operating Activities					
Cash Received from Customers	\$ 4,053,971	\$ 116,682	\$ 930,410	\$ 1,321,325	\$ 6,422,388
Cash Paid to Suppliers	(2,307,040)	(28,487)	(695,387)	(805,332)	(3,836,246)
Net Cash Provided by (Used In) Operating Activities	<u>1,746,931</u>	<u>88,195</u>	<u>235,023</u>	<u>515,993</u>	<u>2,586,142</u>
Cash Flows From Noncapital and Related Financing Activities					
Utility Taxes	178,566	-	-	-	178,566
Due from Other Funds	(2,533)	1,936	(2,383)	7,505	4,525
Transfers from Other Funds	410,000	-	-	-	410,000
Intergovernmental Revenue	53,633	(121,103)	-	-	(67,470)
Miscellaneous	-	-	393	-	393
Operating Transfers Out	(1,403,592)	(70,963)	(246,619)	(504,904)	(2,226,078)
Net Cash Used for Noncapital and Related Financing Activities	<u>(763,926)</u>	<u>(190,130)</u>	<u>(248,609)</u>	<u>(497,399)</u>	<u>(1,700,064)</u>
Cash Flows From Capital and Related Financing Activities					
Acquisition and Construction of Capital Assets	(412,754)	(146,104)	(13,274)	(2)	(572,134)
Proceeds from sale of PPE	-	-	370	-	370
Principal Paid on Capital Debt	(904,415)	(30,248)	-	-	(934,663)
Interest Paid on Capital Debt	(453,627)	(11,146)	-	-	(464,773)
Capital Grants	-	142,853	-	-	142,853
Net Cash Used In Capital and Related Financing Activities	<u>(1,770,796)</u>	<u>(44,645)</u>	<u>(12,904)</u>	<u>(2)</u>	<u>(1,828,347)</u>
Cash Flows From Investing Activities					
Interest Received	1,830	168	336	124	2,458
Net Cash Provided By for Investing Activities	<u>1,830</u>	<u>168</u>	<u>336</u>	<u>124</u>	<u>2,458</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(785,961)	(146,412)	(26,154)	18,716	(939,811)
Cash and Cash Equivalents, Beginning of Year	<u>2,391,722</u>	<u>237,890</u>	<u>398,431</u>	<u>117,249</u>	<u>3,145,292</u>
Cash and Cash Equivalents, End of Year	<u>\$ 1,605,761</u>	<u>\$ 91,478</u>	<u>\$ 372,277</u>	<u>\$ 135,965</u>	<u>2,205,481</u>
As presented on the accompanying statement of net position:					
Cash and cash equivalents	863,098	72,375	223,068	2,537	1,161,078
Non-current restricted cash	742,663	19,103	149,209	133,428	1,044,403
	<u>1,605,761</u>	<u>91,478</u>	<u>372,277</u>	<u>135,965</u>	<u>2,205,481</u>

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

CITY OF LIVE OAK, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015
(Concluded)

	Business-type Activities - Enterprise Funds				
	Water and Sewer Fund	Stormwater Fund	Gas Fund	Sanitation Fund	Total
<u>As Presented on the Accompanying Statement of Net Position</u>					
Cash and Cash Equivalents	\$ 863,098	\$ 72,375	\$ 223,068	\$ 2,537	\$ 1,161,078
Noncurrent Restricted Cash	742,663	19,103	149,209	133,428	\$ 1,044,403
	<u>\$ 1,605,761</u>	<u>\$ 91,478</u>	<u>\$ 372,277</u>	<u>\$ 135,965</u>	<u>\$ 2,205,481</u>
<u>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</u>					
Operating Income	\$ 357,099	\$ 6,181	\$ 221,357	\$ 461,677	\$ 1,046,314
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:					
Depreciation and Amortization	1,475,419	60,185	11,584	51,691	1,598,879
Decrease (Increase) in Assets:					
Accounts Receivable	(86,265)	298	11,401	(154)	(74,720)
Due from Other Governmental Units	-	-	-	-	-
Prepaid Expenses	-	-	-	-	-
Increase (Decrease) in Liabilities:					
Accounts Payable	(12,981)	21,531	(10,146)	(6,118)	(7,714)
Customer Deposits	13,659	-	827	8,897	23,383
Net Cash Provided by Operating Activities	<u>\$ 1,746,931</u>	<u>\$ 88,195</u>	<u>\$ 235,023</u>	<u>\$ 515,993</u>	<u>\$ 2,586,142</u>
<u>Supplemental Disclosures of Noncash Activities:</u>					
Grant/Loan Forgiveness	455,020	-	-	-	455,020

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

CITY OF LIVE OAK, FLORIDA
Statement of Fiduciary Net Position
September 30, 2015

Assets:		
Accrued interest	\$ 865	<u>865</u>
Investments, at fair value		
Money funds	43,519	
U.S. Treasury notes/Gov't bonds	340,354	
Corporate bonds	221,018	
Common stocks and equity securities	1,122,503	
Total investments	<u>1,727,394</u>	
Total Assets		<u>1,728,259</u>
Liabilities:		
Liabilities		<u>-</u>
Net Position		
Net Position Restricted for Pensions:		<u><u>\$ 1,728,259</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
For the Fiscal Year Ended September 30, 2015

Additions:		
Contributions from:		
City	\$	-
Total contributions		<u>-</u>
Investment income:		
Net increase (decrease) in fair value of investments		(133,207)
Net realized gain (loss)		87,246
Interest earnings		10,631
Dividend earnings		23,299
Total investment income		<u>(12,031)</u>
Total additions		<u>(12,031)</u>
Deductions:		
Benefit payments		184,871
Administrative expenses		18,885
Total deductions		<u>203,756</u>
Net increase (decrease)		<u>(215,787)</u>
Net position Restricted for Pensions:		
Beginning of Year		<u>1,944,046</u>
End of year	\$	<u><u>1,728,259</u></u>

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



CITY OF LIVE OAK, FLORIDA

Notes to the financial statements

September 30, 2015

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 Councilmen. 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*.

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.

CITY OF LIVE OAK, FLORIDA

Notes to the financial statements

September 30, 2015

Note 1 – Summary of Significant Accounting Policies – continued

B. Government-Wide and Fund Financial Statements– continued

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:

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,

CITY OF LIVE OAK, FLORIDA

Notes to the financial statements

September 30, 2015

Note 1 – Summary of Significant Accounting Policies – continued

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

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).

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.

CITY OF LIVE OAK, FLORIDA

Notes to the financial statements

September 30, 2015

Note 1 – Summary of Significant Accounting Policies – continued

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

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

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

Additionally, the City reports the following fund types:

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

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

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

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

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

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

D. Assets, Liabilities, and Net Position

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

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

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

CITY OF LIVE OAK, FLORIDA

Notes to the financial statements

September 30, 2015

Note 1 – Summary of Significant Accounting Policies – continued

D. Assets, Liabilities, and Net Position – continued

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 are accrued by the City at September 30th, to recognize the sales revenues earned between the last meter reading date made in mid-September through the end of the fiscal year.

Inventories and Prepaid Items

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

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Restricted Assets

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

Capital Assets

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

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.

CITY OF LIVE OAK, FLORIDA

Notes to the financial statements

September 30, 2015

Note 1 – Summary of Significant Accounting Policies – continued

D. Assets, Liabilities, and Net Position – continued

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

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 amount an employee accumulates annually has not changed, however the program is now referred to as Paid Time Off (PTO). This change was made to limit the liability to the City through modification of the allowed maximum. There is no distinction between sick and vacation leave, but the maximum accrual 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:

	Annual Accrual Days
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

CITY OF LIVE OAK, FLORIDA

Notes to the financial statements

September 30, 2015

Note 1 – Summary of Significant Accounting Policies – continued

D. Assets, Liabilities, and Net Position – concluded

Unearned Revenue

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

Long-term Debt Obligations

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

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

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.

CITY OF LIVE OAK, FLORIDA

Notes to the financial statements

September 30, 2015

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

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

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

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

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

Note 3 – Stewardship, Compliance, and Accountability

A. Budgetary Information

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

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

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

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

The City approved a budget amendment at the close of year ending September 30, 2015 to adjust personnel services in the General Fund public safety departments and a re-appropriation of Community Redevelopment projects. As stated in #5 above, budgetary control is exercised at the function level. Though the General Government Legislative department is over expended (\$11,952) the Total General Government (function level) is under budget by \$362,971. Also even though the Fire Protection department is over expended, by (\$46,154) the Total Public Safety (function level) is under budget by \$5,077.

CITY OF LIVE OAK, FLORIDA

Notes to the financial statements

September 30, 2015

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 6.781 mills for the year ended September 30, 2015.

The property tax calendar is as follows:

Valuation Date January 1, 2014

Property appraiser prepares the assessment roll with values as of January 1, 2014, submits preliminary roll for approval by the State and notifies each taxing authority of their respective valuations. July 1, 2014

City Council holds two required public hearings and adopts a budget and ad valorem tax millage rate for the coming fiscal year. September, 2014

Property appraiser certified the assessment roll and all real and tangible personal property taxes are due and payable (Levy date). November 1, 2014

A Notice of Taxes is mailed to each property owner on the assessment roll. Taxes are paid November 2014 through March 2015, with the following applicable discounts: November 1, 2014

<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, 2015

A list of unpaid tangible personal property taxes and a list of unpaid real property taxes are advertised. April/May 2015

Tax certificates are sold on all real estate parcels with unpaid real property taxes (Lien date). May/June 2015

A court order is obtained authorizing the seizure and sale of personal property if the taxpayer fails to pay the delinquent taxes. September 10, 2015

CITY OF LIVE OAK, FLORIDA

Notes to the financial statements

September 30, 2015

NOTE 5 – Cash Deposits and Investments

Deposits

		<u>Carrying Amount</u>	<u>Bank Balance</u>
Insured (1)		\$ 6,541,371	\$ 6,627,280
Uninsured:			
Uncollateralized (2)		43,519	43,519
Cash Funds		1,075	1,075
Total Deposits		<u>6,585,965</u>	<u>6,671,874</u>

Investments

	<u>Fair Value</u>	<u>Maturities</u>	<u>Credit Rating</u>
Pension Fund investments held by trustee:			
Common stock listed on ASE, NYSE, and NASDAQ	1,122,503	N/A	N/A
U.S. Government bonds	340,354	N/A	N/A
Corporate bonds	15,417	7 years or less	A2/A
Corporate bonds	20,407	7 years or less	A2/A
Corporate bonds	8,617	7 years or less	A2/A
Corporate bonds	14,875	5 years or less	A3/A
Corporate bonds	20,218	4 years or less	A2/A
Corporate bonds	22,469	4 years or less	A2/A
Corporate bonds	20,034	3 years or less	A1/AA-
Corporate bonds	21,749	3 years or less	A2-/A+
Corporate bonds	20,155	2 years or less	A2/A
Corporate bonds	21,329	2 years or less	A1/A+
Corporate bonds	25,628	2 years or less	A1/AA+
Corporate bonds	10,120	1 years or less	A1/A+
Total fair value	<u>\$ 1,683,875</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		\$ 6,585,965	
Carrying value of investments		1,683,875	
Total per note detail			<u>\$ 8,269,840</u>
Cash and Cash equivalents		\$ 5,498,043	
Restricted cash and cash equivalents		1,044,403	
Fiduciary fund cash and investments		1,727,394	
Total reported in statement of net position			<u>\$ 8,269,840</u>

CITY OF LIVE OAK, FLORIDA

Notes to the financial statements

September 30, 2015

Note 5 – Cash Deposits and Investments – continued

Investment Policy

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

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

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

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

Investment Rate Risk

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

CITY OF LIVE OAK, FLORIDA

Notes to the financial statements

September 30, 2015

Note 5 – Cash Deposits and Investments – continued

Credit Risk (concluded)

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

Investments of the Pension Trust Fund - The City has not adopted a specific investment policy with respect to the investment of pension trust funds. In the absence of a written policy the City defaults to the authorized investments specified under Section 175.07 (b) Florida Statutes, for investments held by the trustees for the Firefighter's Substitute Pension Trust Fund. A description of the investments permissible under this section of the state statutes is outlined under the heading Investment Policy above. The City specifically refrains from investing in derivative investment products. As of September 30, 2015 the City's investments in corporate bonds, held by trustees of the Substitute Firefighters Pension Trust Fund, were rated from AA2 to AA3 by Standard & Poor's and rated by Moody's Investors Service from AA+ to A, in the amounts as indicated above. Credit ratings do not apply to the City's investments in U.S. government bonds which are invested U.S. government securities guaranteed by the U. S. government.

Concentration of Credit Risk

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

Custodial Credit Risk – Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. Pursuant to the applicable provisions of Chapter 280, Florida Statutes, the *Florida Security of Public Deposits Act* ("the Act"), the State of Florida, Department of Financial Services, Division of Treasury, Bureau of Collateral Management have established specific requirements relative to the security and collateralization for public deposits. Accordingly, banks qualifying as a public depository in the State of Florida must adopt the necessary procedures outlined in these statutes and meet all of the requirements of this chapter to be designated by the State Chief Financial Officer as eligible to receive deposits from municipal depositors. Collateral having a market value equal to 50% of the average daily balance for each month of all public deposits in excess of any applicable depository insurance is required to be pledged or deposited with the State Chief Financial Officer to secure such deposits. Additional collateral, up to a maximum of 125% may be required if deemed necessary under the conditions set forth in the Act. Securities eligible to be pledged as collateral are generally limited to obligations of the United States government and any state thereof and are held in the name of the State Chief Financial Officer's office. Compliance with the provisions of Chapter 280, Florida Statutes, is monitored by a Qualified Public Depository Oversight Board with members appointed by the State Chief Financial Officer.

CITY OF LIVE OAK, FLORIDA

Notes to the financial statements

September 30, 2015

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 \$1,683,875 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.

Note 6 – Restricted Assets

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

A summary of restricted assets of the City, at September 30, 2015, is as follows:

Business-type Activities:

	Water and Sewer Utility	Stormwater Fund	Natural Gas Fund	Sanitation Fund	Total
Checking Account	742,663	19,103	149,209	133,428	1,044,403
	\$ 742,663	\$ 19,103	\$ 149,209	\$ 133,428	\$ 1,044,403

Note 7 – Accounts Receivable

The City's accounts receivable at September 30, 2015 consists of the following:

Governmental Activities:

General Fund:

Delinquent taxes receivable	\$	6,632
Accounts receivable		168,216
Less allowance for doubtful accounts		(16,000)

Total governmental activities accounts receivable, net		\$ 158,848
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CITY OF LIVE OAK, FLORIDA

Notes to the financial statements

September 30, 2015

Note 7 – Accounts Receivable - continued

Business-type Activities:

Enterprise Funds:

Water and

Accounts	\$ 575,853
Less allowance for doubtful accounts	<u>(153,590)</u>

Stormwater

Accounts	16,962
Less allowance for doubtful accounts	<u>(7,000)</u>

Gas Utility

Accounts	131,128
Less allowance for doubtful accounts	<u>(38,184)</u>

Sanitation

Accounts	233,366
Less allowance for doubtful accounts	<u>(79,367)</u>

Total business-type activities accounts receivable, net	<u><u>\$ 679,168</u></u>
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Note 8 – Due from Other Governments

The City's due from other governments at September 30, 2015 consists of the following:

Governmental Activities

Suwannee County	\$ 5,040	
USDA	\$ 13,849	
State of Florida, Department of Revenue	170,314	
State of Florida, Department of Transportation	20,200	
		<u><u>\$ 209,403</u></u>

Business-type Activities

State of Florida, Department of Corrections	\$ 111,387	
Suwannee River Water Management District	127,653	
		<u><u>\$ 239,040</u></u>

CITY OF LIVE OAK, FLORIDA

Notes to the financial statements

September 30, 2015

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, 2015, are comprised of the following:

Fund	Interfund Receivables	Interfund Payables
Internal balances - due to/from other funds:		
General Fund	14,950	-
Special Revenue Funds:		
Victim's Advocate Fund	-	3,270
Special Grant Fund		10,950
Community Redevelopment Tax Fund		730
Totals	\$ 14,950	\$ 14,950

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, 2015, the City made the following transfers:

	Operating Transfers In	Operating Transfers Out
General Fund	\$3,179,886	\$ 180,111
Capital Projects Fund	-	612,213
Infrastructure Fund	-	751,595
Community Redevelopment Tax Fund	180,111	-
Enterprise Funds:		
Water and Sewer Utility Fund	410,000	1,403,592
Stormwater Fund	-	70,963
Gas Fund	-	246,619
Sanitation Fund	-	504,904
Totals	\$ 3,769,997	\$3,769,997

CITY OF LIVE OAK, FLORIDA

Notes to the financial statements

September 30, 2015

Note 10 – Capital Assets

Capital asset activity for the year ended September 30, 2015, was as follows:

	Beginning Balance 9/30/2014	Additions	Deletions/ Transfers	Ending Balance 9/30/2015
Governmental Activities				
Capital Assets Not Being Depreciated:				
Land	\$ 1,447,687	\$ 16,658		\$ 1,464,345
Construction in Progress	193,289	786,467	(12,678)	967,078
Total Capital Assets Not Being Depreciated	<u>1,640,976</u>	<u>803,125</u>	<u>(12,678)</u>	<u>2,431,423</u>
Capital Assets Being Depreciated:				
Buildings	3,534,132	-	-	3,534,132
Improvements Other Than Buildings	1,485,245	50,420	-	1,535,665
Machinery and Equipment	4,068,468	99,229	(41,958)	4,125,739
Infrastructure	2,753,921	79,602	12,678	2,846,201
Total Capital Assets Being Depreciated	<u>11,841,766</u>	<u>229,251</u>	<u>(29,280)</u>	<u>12,041,737</u>
Less Accumulated Depreciation:				
Buildings	(1,012,422)	(88,982)	-	(1,101,404)
Improvements Other Than Buildings	(622,269)	(88,969)	(77,443)	(788,681)
Machinery and Equipment	(3,080,065)	(232,352)	38,946	(3,273,471)
Infrastructure	(819,919)	(118,981)	77,443	(861,457)
Total Accumulated Depreciation	<u>(5,534,675)</u>	<u>(529,284)</u>	<u>38,946</u>	<u>(6,025,013)</u>
Total Capital Assets Being Depreciated, Net	<u>6,307,091</u>	<u>(300,033)</u>	<u>9,666</u>	<u>6,016,724</u>
Governmental Activities Capital Depreciated, Net	<u>\$ 7,948,067</u>	<u>\$ 503,092</u>	<u>\$ (3,012)</u>	<u>\$ 8,448,147</u>

CITY OF LIVE OAK, FLORIDA

Notes to the financial statements

September 30, 2015

Note 10 – Capital Assets – continued

	Beginning Balance 9/30/2014	Additions	Deletions/ Transfers	Ending Balance 9/30/2015
Business-type Activities				
Capital Assets Not Being Depreciated:				
Land	\$ 1,602,184	\$ -	\$ -	\$ 1,602,184
Construction in Progress	19,000	286,483	-	305,483
Total Capital Assets Not Being Depreciated	1,621,184	286,483	-	1,907,667
Capital Assets Being Depreciated:				
Buildings	1,193,402	-	-	1,193,402
Wastewater Treatment Plant	24,235,343	-	-	24,235,343
Improvement Other than Buildings	44,171,514	285,281	-	44,456,795
Machinery and Equipment	2,371,152	-	(13,800)	2,357,352
Total Capital Assets Being Depreciated	71,971,411	285,281	(13,800)	72,242,892
Less Accumulated Depreciation:				
Buildings	(214,379)	(22,514)	-	(236,893)
Wastewater Treatment Plant	(2,750,679)	(490,652)	-	(3,241,331)
Improvement Other than Buildings	(7,544,672)	(941,732)	-	(8,486,404)
Machinery and Equipment	(2,111,891)	(143,981)	13,800	(2,242,072)
Total Accumulated Depreciation	(12,621,621)	(1,598,879)	13,800	(14,206,700)
Total Capital Assets Being Depreciated, Net	59,349,790	(1,313,598)	-	58,036,192
Total Business-type Activities Capital Assets, Net	\$ 60,970,974	\$ (1,027,115)	\$ -	\$ 59,943,859

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

Governmental Activities	
General Government	75,382
Physical Environment	123,470
Public Safety	216,813
Transportation	113,619
Total Depreciation Expense - Governmental Activities	529,284
Business-type Activities	
Water Utility	1,475,419
Storm Utility	60,185
Gas Utility	11,584
Sanitation	51,691
Total Depreciation Expense - Business-type Activities	1,598,879

CITY OF LIVE OAK, FLORIDA

Notes to the financial statements

September 30, 2015

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, reducing interest costs to them and the City. The semi-annual loan payments beginning January 2015 will be \$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, 2015

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 has been expended as of 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 has awarded the City \$2,550,000 of ARRA principal forgiveness (DW610210) through September 30, 2012. In addition, the City has 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.

CITY OF LIVE OAK, FLORIDA

Notes to the financial statements

September 30, 2015

Note 11 – Long-term Debt – continued

Changes in long-term liabilities

Long-term liability activity for the year ended September 30, 2015, was as follows:

	Adjusted Balances 9/30/14	Additions	Reductions	Balances 9/30/15	Due Within One Year
Governmental activities:					
Compensated absences	\$ 377,310	\$ 186,951	\$ (265,046)	\$ 299,215	\$ 117,334
OPEB liability	107,935	28,254	-	136,189	-
Net Pension Obligation -					
Florida Retirement	1,457,484	983,864	-	2,441,348	-
Firefighters Plan	18,513	158,982	-	177,495	-
Governmental activity					
Long-term liab	<u>\$ 1,961,242</u>	<u>\$ 1,358,051</u>	<u>\$ (265,046)</u>	<u>\$ 3,054,247</u>	<u>\$ 117,334</u>
Business-type activities:					
Notes payable - DEP	24,250,340	-	(1,389,683)	22,860,657	1,417,067
Business-type activity					
Long-term liabilities	<u>\$ 24,250,340</u>	<u>\$ -</u>	<u>\$ (1,389,683)</u>	<u>\$ 22,860,657</u>	<u>\$ 1,417,067</u>

Long-term debt – future requirements

Debt service requirements for all long-term debt as of September 30, 2015, is as follows:

	Business-type Activities	
	Note Payable - DEP	
	Principal	Interest
2016	1,417,067	442,940
2017	1,444,998	415,010
2018	1,473,485	386,523
2019	1,502,538	357,470
2020	1,532,169	327,839
2020-2024	8,126,373	1,173,669
2025-2029	7,155,760	373,462
2030-2032	208,267	3,755
	<u>\$ 22,860,657</u>	<u>\$ 3,480,668</u>

Note 12 – Employees’ Pension Plans

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

Plan Description

Plan Administration

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

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

CITY OF LIVE OAK, FLORIDA

Notes to the financial statements

September 30, 2015

Note 12 – Employees’ Pension Plans – continued

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

Plan Membership as of October 1, 2014

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	8
Inactive Plan Members Entitled to but Not Yet Receiving Benefits	0
Active Plan Members	0
	8

Benefits Provided

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

Normal Retirement:

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

Early Retirement:

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

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

Vesting (Termination of Employment):

Less than 10 Years: Refund of Member Contributions.

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

Disability:

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

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

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

Death Benefits:

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

Prior to Vesting: Refund of Member Contributions.

Contributions

Member Contributions: 3.0% of Compensation

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

Investments

Investment Policy:

The following was the Board’s adopted asset allocation policy as of September 30, 2015:

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

Concentrations:

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

Rate of Return:

For the year ended September 30, 2015 the annual money-weighted rate of return of Pension Plan investments, net of pension plan investment expense, was -1.76 percent.

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

CITY OF LIVE OAK, FLORIDA
Notes to the financial statements
September 30, 2015

Note 12 – Employees’ Pension Plans – continued

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

The components of the net pension liability of the sponsor on September 30, 2015 were as follows:

Total Pension Liability	\$ 1,905,231
Plan Fiduciary Net Position	\$ (1,727,736)
Sponsor's Net Pension Liability	<u>\$ 177,495</u>
Plan Fiduciary Net Position as a percentage of Total Pension Liability	<u>90.68%</u>

Actuarial Assumptions:

The total pension liability was determined by an actuarial valuation as of October 1 2014, updated September 30, 2014 using the following actuarial assumptions applied to all measurement periods.

Inflation	3.00%
Salary Increases	N/A
Investment Rate of Return	7.50%

Mortality Rate: RP-2000 Table with no projection. Disabled lives are set forward 5 years. We believe this sufficiently accounts for future mortality improvements.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan’s target asset allocation as of September 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Long Term Expected Real Rate of Return</u>
Domestic Equity	7.64%
International Equity	7.72%
Fixed Income	2.37%

Discount Rate:

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

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

CITY OF LIVE OAK, FLORIDA

Notes to the financial statements

September 30, 2015

Note 12 – Employees’ Pension Plans – continued

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

	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
Sponsor's Net Pension Liability	\$338,119	\$177,495	\$38,521

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, 2014	\$1,936,678	\$1,918,165	\$18,513
Changes for the Year			
Service Cost	0	0	0
Interest	138,318	0	138,318
Differences between Expected and Actual Experience	15,106	0	15,106
Changes of assumptions	0	0	0
Changes of benefit terms	0	0	0
Contributions - Employer	0	27,114	(27,114)
Net Investment Income	0	(32,672)	32,672
Benefit Payments, including Refunds of Employee Contributions	(184,871)	(184,871)	0
Administrative Expense	0	0	0
Net Changes	(31,447)	(190,429)	158,982
Reporting Period Ending September 30, 2015	<u>\$1,905,231</u>	<u>\$1,727,736</u>	<u>\$177,495</u>

B. Florida Retirement System

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

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

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

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

CITY OF LIVE OAK, FLORIDA

Notes to the financial statements

September 30, 2015

Note 12 – Employees' Pension Plans – continued

B. Florida Retirement System- continued

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, 2015

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 2014-15 fiscal year were as follows:

Class	Year Beginning July 1, 2014		Year Beginning July 1, 2015	
	Percent of Gross Salary		Percent of Gross Salary	
	Employee	Employer ⁽¹⁾	Employee	Employer ⁽¹⁾
Regular	3.00	6.07	3.00	5.56
Elected Officers	3.00	41.94	3.00	40.57
Senior Management Service	3.00	19.84	3.00	19.73
Special Risk Regular	3.00	18.52	3.00	20.34
DROP	0.00	11.02	0.00	11.22

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

The City contributions, including employee contributions, to the FRS Pension Plan totaled \$310,709 for the fiscal year ended September 30, 2015.

Net Pension Liability

At September 30, 2015, the City reported the following net pension liability:

	FRS Pension Plan
City's Proportion	0.0126083840%
City's Proportionate Share of Net Pension Liability	\$1,628,542

Net Pension Liability (Concluded)

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, 2015, the City’s proportion increased 0.0007843 from its proportion measured as of June 30, 2014.

Discount Rate

The discount rate used to measure the total pension liability was 7.65%. The FRS Pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments of active and inactive plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Actuarial Assumptions

The total pension liability for the FRS Pension Plan was determined as of June 30, 2015 measurement date by an actuarial valuation as of July 1, 2015. The following actuarial assumptions, applied to all periods included in the measurement, were used to determine the total pension liability:

CITY OF LIVE OAK, FLORIDA

Notes to the financial statements

September 30, 2015

Note 12 – Employees’ Pension Plans – continued

B. Florida Retirement System- continued

	<u>FRS Pension Plan</u>
Inflation	2.60%
Salary Increases	3.25%
Investment Rate of Return, Including Inflation	7.65%
Mortality Table	RP2000
Actuarial Cost Method	Individual Entry Age

Long-term Expected Rate of Return

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

Long-term Expected Rate of Return (Concluded)

Asset Class	Annual Target Allocation (1)	Annual Arithmetic Return	Geometric Return	Standard Deviation
Cash	1%	3.2%	3.1%	1.7%
Fixed Income	18%	4.8%	4.7%	4.7%
Global Equity	53%	8.5%	7.2%	17.7%
Real Estate (Property)	10%	6.8%	6.2%	12.0%
Private Equity	6%	11.9%	8.2%	30.0%
Strategic Investments	12%	6.7%	6.1%	11.4%
Total	100%			
Assumed Inflation – Mean		2.6%		1.9%

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

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

The following presents the net pension liability of the City, calculated using the current discount rate of 7.65%, as well as what the City’s net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.65%) or 1-percentage-point higher (8.65%) than the current rate:

	1% Decrease 6.65%	Current Discount Rate 7.65%	1% Increase 8.65%
City’s Proportionate Share of the Net Pension Liability	\$4,219,920	\$1,628,542	(527,911)

CITY OF LIVE OAK, FLORIDA

Notes to the financial statements

September 30, 2015

Note 12 – Employees’ Pension Plans – continued

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, 2015, 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 during the City’s fiscal year were 1.26% from October 1, 2014 through June 30, 2015, and 1.66% from July 1, 2015 through September 30, 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 \$32,416 for the fiscal year ended September 30, 2015.

Net Pension Liability

At September 30, 2015, the City reported the following net pension liability:

	<u>HIS Pension Plan</u>
City's Proportion	0.0079699160%
City's Proportionate Share of Net Pension Liability	\$812,806

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, 2015, the City’s proportion increased 0.000097977 from its proportion measured as of June 30, 2014.

Discount Rate

The discount rate used to measure the total pension liability was 3.80% for the HIS Pension Plan’s fiscal year ended June 30, 2015. 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. The discount rate decreased from the prior year due to changes in the applicable municipal bond rate.

CITY OF LIVE OAK, FLORIDA

Notes to the financial statements

September 30, 2015

Note 12 – Employees’ Pension Plans – continued

HIS Pension Plan- continued

Actuarial Assumptions

The City uses a measurement date to value the net pension liability and related deferred inflows and outflows as of June 30, 2015. The total pension liability for the FRS Pension Plan was determined by an actuarial valuation as of July 1, 2014, and recalculated as of June 30, 2015, using a standard actuarial roll-forward technique. The following actuarial assumptions, applied to all periods included in the measurement, were used to determine the total pension liability:

	<u>HIS Pension Plan</u>
Inflation	2.60%
Salary Increases	3.25%
Investment Rate of Return, Including Inflation	3.80%
Mortality Table	RP2000
Actuarial Cost Method	Individual Entry Age

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

The following presents the net pension liability of the City, calculated using the current discount rate of 3.80%, 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 (2.80%) or 1-percentage-point higher (4.80%) than the current rate:

	1% Decrease 2.80%	Current Discount Rate 3.80%	1% Increase 4.80%
City’s Proportionate Share of the Net Pension Liability	\$926,154	\$812,806	718,290

FRS Investment Plan

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

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

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

CITY OF LIVE OAK, FLORIDA

Notes to the financial statements

September 30, 2015

Note 12 – Employees’ Pension Plans – continued

FRS Investment Plan- continued

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 0.04% of payroll and by forfeited benefits of Investment Plan members. For the fiscal year ended September 30, 2015, 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.

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 during the Investment Plan’s fiscal year ending June 30, 2015, 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 \$85,982 for the fiscal year ended September 30, 2015.

CITY OF LIVE OAK, FLORIDA

Notes to the financial statements

September 30, 2015

Note 12 – Employees’ Pension Plans – continued

Additional Disclosures– Defined Benefit Plans

Deferred Outflows of Resources

	Firefighter's Substitue Pension Trust	FRS	HIS	Total
Employer Contributions				
After Measurement Date	\$ -	\$ 77,635	\$ 9,361	\$ 86,996
Difference Between Expected and Actual Experience	-	171,926	-	171,926
Changes in Assumptions	-	108,092	63,947	172,039
Net difference Between Projected and Actual Earnings on Investments	136,495	-	440	136,935
Changes in Proportion and Difference Between City Contributions and Proportionate Share of Contributions	-	129,961	7,604	137,565
Total Deferred Outflows of Resources	\$ 136,495	\$ 487,614	\$ 81,352	\$ 705,460

Deferred Inflows of Resources

	Firefighter's Substitue Pension Trust	FRS	HIS	Total
Difference Between Expected and Actual Experience	\$ -	\$ 38,624	\$ -	\$ 38,624
Net Difference Between Projected and Actual Earnings on Investments	8,546	388,869	22,973	420,388
Total Deferred Inflows of Resources	\$ 8,546	\$ 427,493	\$ 22,973	\$459,011

CITY OF LIVE OAK, FLORIDA

Notes to the financial statements

September 30, 2015

Note 12 – Employees’ Pension Plans – continued

Additional Disclosures-- Defined Benefit Plans

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, 2016. Other amounts reported as deferred outflows and inflows of resources related to pension will be recognized in pension expense as follows:

Fiscal Year Ending	Firefighters' Plan Amount	FRS Amount	HIS Amount
2016	31,274	(103,124)	7,945
2017	31,275	(103,124)	7,945
2018	31,275	(103,124)	7,945
2019	34,124	217,705	7,856
2020	-	58,596	7,813
2021-2022	-	15,557	9,514
Total	127,948	(17,514)	49,018

Pension Expense

For the year ended September 30, 2015, the City recognized pension expense from the defined benefit pension plans as follows:

Firefighter's Plan	\$46,752
FRS	\$142,138
HIS	\$57,363

Payables to the Pension Plan

At September 30, 2015, the City did not report any payables to the pension plans for the outstanding amount of contributions. There was a timing difference in the current year between the issuance of the contribution check by the City and the crediting of funds by the bank in the fiduciary funds that resulted in an outstanding check rather than a payable on the City’s records and contributions receivable in the pension fiduciary funds.

CITY OF LIVE OAK, FLORIDA

Notes to the financial statements

September 30, 2015

Note 12 – Employees’ Pension Plans – continued

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 Pepsco-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 \$16,066 for fiscal year ended September 30, 2014, 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, 2015.

Note 13 –Other Post-Employment Benefits (OPEB)

For the fiscal year ended September 30, 2009, the City implemented GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions*, for certain post-employment healthcare benefits provided by the City. The requirements of this statement are being implemented prospectively, with the actuarially determined liability of \$211,675 at the October 1, 2008, date of transition amortized over 30 years.

Plan Description: The City of Live Oak Healthcare Plan is a single-employer employee experience-rated group medical insurance plan. Pursuant to Section 112.0801, Florida Statutes, the City provides postemployment healthcare benefits to those participants who retire at a participant’s normal retirement date or early retirement date and who receive pension benefits immediately upon termination. The post retirement benefit portion of this benefit plan refers to the medical benefits applicable to current and future retirees and their eligible dependents. Section 112.0801 Florida Statutes requires the City to provide participation in the health care plan to retirees and their eligible dependents at a cost to the retiree that is no greater than the cost at which coverage is available for active employees. Eligible individuals include all regular employees of the City who retire from active service under one of the pension plans sponsored by the City. Under certain conditions, eligible individuals also include spouses and dependent children. Foster & Foster Inc. issues a publicly available actuarial report that includes required supplementary information for the City. The report may be obtained by writing to the City, 101 White Ave. SE, Live Oak, Florida 32064, Attention: City Manager.

As of the valuation date, the total number of participating eligible current and future retirees and dependents used for the medical plan was 52. The City currently determines the eligibility, benefit provisions and changes to those provisions applicable to retirees in accordance with applicable City ordinance, federal and state laws.

Funding Policy and Annual Cost: To date the City has followed a pay-as-you-go funding policy, contributing only those amounts necessary to provide for its portion of current year benefit cost and expenses. The contribution requirements of plan members, if any, are established by the City. Eligible retirees pay the full cost of blended rate premiums associated with the medical plan elected; no direct City subsidy is currently applicable. However, there are implicit costs of the medical plan for retirees, as their claims experience is higher than the blended rate premiums.

CITY OF LIVE OAK, FLORIDA

Notes to the financial statements

September 30, 2015

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

The City establishes and amends benefit provisions and contribution obligations. The City has opted to not fund the net OPEB obligation or the resulting unfunded actuarial accrued liability on an annual basis. The annual contribution of the employer, an amount actuarially determined in accordance with GASB 45, represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The current rate is 1.41% of covered payroll. For the year ended September 30, 2015 the City’s actuarially determined annual other post-employment benefits (OPEB) costs (expenses) was estimated to be \$49,507.

Actuarial Methods and Assumptions: Projections of benefits are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefits cost between the City and the participants to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions were as follows:

Actuarial Valuation Date	October 1, 2014 applicable for fiscal year ending September 30, 2015
Actuarial Cost Method	Entry Age Normal
Amortization Method	Closed
Amortization Period	30 years
Asset Valuation Method	Market
Investment Rate of Return	4.0%
Projected Salary Increase	0.0%
Health Care Inflation	Pre-Medicare: 8.5% in fiscal 2013: then to 7.5% in fiscal 2014 7.5% in 2015, 6.5% in 2016 trending to 4.5% in 2020 Post-Medicare: 9.0% in fiscal 2012: then to 8.5% in fiscal 2013 7.5% in 2014 7.5% in 2015, 6.5% in 2016 trending to 4.5% in 2020

Annual OPEB Cost and Net OPEB Obligation: The City’s annual OPEB cost (expense) is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a thirty-year period. The following table shows the components of the City’s annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City’s net OPEB obligation for postemployment healthcare benefits based on the most recent actuarial valuation dated October 1, 2011:

Valuation Date	10/1/2011	10/1/2014
Applicable for Fiscal Year Ending	9/30/2014	9/30/2015
Annual Required Contribution	\$ 39,365	\$ 51,566
Interest on Net OPEB Obligation	4,633	4,317
Adjustment to Annual Required Contribution	<u>(6,075)</u>	<u>(6,376)</u>
Annual OPEB Cost (Expense)	37,923	49,507
Estimated Net Contributions Made	<u>(22,646)</u>	<u>(21,253)</u>
Increase in Net OPEB Obligation	15,277	28,254
Net OPEB Obligation - Beginning of Year	<u>92,658</u>	<u>107,935</u>
Net OPEB Obligation - End of Year	<u><u>\$ 107,935</u></u>	<u><u>\$ 136,189</u></u>

CITY OF LIVE OAK, FLORIDA

Notes to the financial statements

September 30, 2015

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

Schedule of Annual Contributions: Additional disclosures under GASB Statement No. 45 include City funding history and the portion of total plan retiree cost attributable to the City. The City’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for 2015 and the two preceding years were as follows:

Fiscal Year	Annual Required Contribution	Actual Contribution	% of Annual OPEB Cost Contributed	Net OPEB Obligation
Ending 9/30/2015	\$49,507	\$49,507	42.9%	\$136,189
9/30/2014	\$37,923	\$15,277	40.4%	\$107,935
9/30/2013	\$36,735	\$14,811	40.4%	\$92,658

Funded Status and Funding Process: The funded status of the plan as of October 1, 2014, the most recent actuarial valuation date, is a follows:

Funded Status as of:	10/1/2014
Actuarial Accrued Liability (AAL)	\$313,750
Actuarial Value of Assets (AVA)	<u>0</u>
Unfunded Actuarial Accrued Liability (UAAL)	\$313,750
Funded Ratio	0.0%
Covered Payroll	\$2,452,079
Ratio of UAAL to Covered Payroll	12.8%

**SCHEDULE OF FUNDING PROGRESS
OTHER POST EMPLOYMENT BENEFITS**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
10/1/2014	\$ -	\$ 313,750	\$ 313,750	0.0%	\$ 2,452,079	12.8%
10/1/2011	\$ -	\$ 241,698	\$ 241,698	0.0%	\$ 2,418,596	10.0%
10/1/2008	\$ -	\$ 211,675	\$ 211,675	0.0%	\$ 2,208,905	9.6%

Actuarial Methods and Assumptions: Annual requirements are determined in accordance with the actuarial assumptions and the Entry Age Normal (level % of pay) Actuarial Cost Method. The actuarial assumptions include a 4% discount rate, compounded annually, and it is based on the City’s expected rate of discount, based on the assumption that the plan will not be funded. The annual healthcare cost trend rate was assumed to decline gradually over the next several years from 8.5% at October 1, 2012, to an ultimate rate of 4.55% on and after 2017. The economic rates are based on an assumed long-term medical inflation rate of 4% per annum. The actuarial assumption did not include a payroll growth rate. Plan expenses are assumed to be included in premium rates. Benefits are assumed to be unfunded. Retiring participants were assumed to elect the same coverage they currently have under the plan while active employees. Actual current coverage was used and status was assumed to continue. Marital status of active employees and retirees is actual, as reported. It was assumed that 25% of active employees will maintain benefit coverage after retirement. It was also assumed that 50% of active employees who have previously elected spousal benefit coverage will continue to cover their spouse.

CITY OF LIVE OAK, FLORIDA

Notes to the financial statements

September 30, 2015

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

Retirees Eligible to Receive Benefits: In accordance with State of Florida law, an employee retiring from employment at or after normal retirement date with the City will be eligible to participate in the City’s employee group medical insurance plans for life so long as applicable premium payments continue to be paid. Retirees have the option to elect to continue medical benefits at retirement from the City, or during an open enrollment period, or in the event of a qualified event in accordance with federal and state laws.

Benefits: Presently, eligible retirees may elect to receive medical benefits under the same medical plan options as active employees. Eligible retirees may change between types of plans offered, add or drop eligible dependents, or reject or re-elect coverage during an open enrollment period. Benefits are those as described in each medical plan’s certificate of coverage.

Retiree Contributions: Retiree’s contributions equal to 100% of the elected medical plan (blended rate) premiums applicable after retirement from employment from the City.

Actuarial Cost Method: The Entry Age Normal Cost Method was used. This method is designed to fund a member’s total plan benefit over the course of his or her career. This method is designed to produce stable employer contributions in amounts that increase at the same rate as the employer’s payroll (i.e. level % of payroll). The accrued value of normal cost payments due prior to the valuation date is termed the actuarial accrued liability (AAL). This amount minus actuarial value of assets is known as the unfunded actuarial accrued liability (UAAL). A yearly normal cost for each member is determined as the increase in the APV of projected retiree benefits due to service earned during that year. The annual cost of a plan consists of two components: normal cost and an amortization cost, which may vary between prescribed limits, toward the UAAL.

Actuarial gains (or losses), a measure of the difference between actual experience and that expected based upon the actuarial assumptions during the period between two valuation dates, as they occur, reduce (or increase) the UAAL.

It is intended that the UAAL be recognized over a 30-year period from October 1, 2008, through amortizations expressed as a level dollar amount. Amortizations were assumed to begin on October 1, 2008, and to continue monthly for the 30 remaining years. Changes in the UAAL resulting from actuarial gains or losses, or changes in actuarial assumptions, will be amortized over the remaining portion of the 30-year period, but not less than 15 years.

Plan Assets: No separate trust assets as of the valuation date.

Summary of Census Data Used in the Valuation: Membership in the Plan consisted of the following at October 1, 2014, the date of the latest actuarial valuation:

Future Retirees	61
Retired and Disabled Participants Receiving Benefits	<u>0</u>
Total Number of Participants and Dependents Included in Valuation	<u><u>61</u></u>

CITY OF LIVE OAK, FLORIDA

Notes to the financial statements

September 30, 2015

Note 14 – Restatement

For the fiscal year ended September 30, 2015, the city implemented the provisions of GASB Statement 68 – *Accounting and Financial Reporting for Pensions*. Accordingly, beginning net position was restated to reflect the change in accounting principles as follows:

	Government-Wide Governmental Activities
Net position, as previously reported	\$ 12,237,692
Adjustments:	
Net pension liability and pension related Deferred Inflows and Outflows as of September 30, 2014 as reported under GASB 68	
FRS pension plans	(2,466,475)
Substitutie Firefighter Pension Trust	(29,908)
Net position, as restated	\$ 9,741,309

Note 15 – 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 16 – Commitments

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

Note 17 – 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 18 – 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.

CITY OF LIVE OAK, FLORIDA

Notes to the financial statements

September 30, 2015

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

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

Note 19 – 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 ten (20) years, with revenue of \$13,366,440 over the term of the first ten (10) years after which time fees will be renegotiated to be in line with fees for services provided at similar facilities. Suwannee Correctional Institution will remit to the City on a monthly basis \$111,387. This revenue is pledged to support the debt service required for Phase II improvements to the wastewater plant improvements.

During the year ended September 30, 2015 total water and sewer fund operating revenue was \$4,126,577. Of this amount, \$1,336,640 or 32% was paid by the State of Florida Department of Corrections associated with the Suwannee Correctional Institution.

During the year-ended September 30, 2015 total gas revenue was \$918,182. Pilgrim’s Pride remitted \$306,629 which represents 33% of the total revenue.

Note 20 – Subsequent Events

The following events have been completed or made substantial progress subsequent to September 30, 2015.

Live Oak Police Department- Live Oak police have replaced their in-car Computers through grant funds from FDOT in the amount of \$71,097 and are utilizing the State funded Tracs case reporting system.

Stormwater – Two high volume trash pumps have been purchased to have the ability to quickly address any flooding issues. Also the rehabilitation of several stormwater wells have been completed and new drain covers have been ordered. These stormwater well improvements were completed through a grant funding agreement with Suwannee River Water Management District. Total grant funding was \$183,000.



Required Supplemental Information

CITY OF LIVE OAK, FLORIDA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

	<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	\$ 1,372,446	\$ 1,372,446	\$ 1,368,282	\$ (4,164)
In lieu of Ad Valorem Property Taxes	118,316	118,316	119,895	1,579
Utility Tax	631,252	631,252	642,153	10,901
Franchise Fees:				
Power and Light	495,256	495,256	485,253	(10,003)
Telecommunications	242,175	242,175	225,483	(16,692)
Total Taxes	<u>2,859,445</u>	<u>2,859,445</u>	<u>2,841,066</u>	<u>(18,379)</u>
Licenses and Permits:				
Business Tax Receipts	145,966	145,966	103,398	(42,568)
Building Permits	55,000	55,000	46,537	(8,463)
Other	18,133	18,133	15,000	(3,133)
Total Licenses and Permits	<u>219,099</u>	<u>219,099</u>	<u>164,935</u>	<u>(54,164)</u>
Intergovernmental Revenues:				
State Shared Revenues:				
Municipal Revenue Sharing	393,038	393,038	256,106	(136,932)
Motor Fuel Tax	83,033	83,033	82,943	(90)
Mobile Home Licenses	3,395	3,395	2,696	(699)
Beverage Tax	1,000	1,000	2,762	1,762
Sales Tax	261,369	261,369	278,183	16,814
Firefighter Suppliment	880	880	2,640	1,760
Fuel Tax Refund	4,840	4,840	7,321	2,481
Right-of-way Maintenance - D.O.T.	56,848	56,848	56,850	2
Traffic Assistance	59,600	59,600	60,476	876
FRDAP Heritage Park	50,000	50,000	50,000	-
DOT SCOPE Grant	476,000	476,000	20,200	(455,800)
Local Source:				
Housing Authority in Lieu	16,800	16,800	23,971	7,171
Total Intergovernmental Revenues	<u>1,406,803</u>	<u>1,406,803</u>	<u>844,148</u>	<u>(562,655)</u>
Charges for Services:				
Pound Fees	-	-	95	95
Zoning Fees	5,000	5,000	7,215	2,215
Miscellaneous	5,843	5,843	4,365	(1,478)
Total Charges for Services	<u>10,843</u>	<u>10,843</u>	<u>11,675</u>	<u>832</u>
Fines and Forfeitures	10,435	10,435	16,047	5,612
Miscellaneous Revenues:				
Interest	113	113	320	207
Tower Rental	85,000	85,000	46,381	(38,619)
Cemetery Lots	23,400	23,400	30,047	6,647
Sales of fixed assets	-	-	3,062	3,062
Private Contributions	-	-	5,000	5,000
Other	4,346	4,346	4,892	546
Total Miscellaneous Revenues	<u>112,859</u>	<u>112,859</u>	<u>89,702</u>	<u>(23,157)</u>
Total Revenues	<u>4,619,484</u>	<u>4,619,484</u>	<u>3,967,573</u>	<u>(651,911)</u>

CITY OF LIVE OAK, FLORIDA
BUDGET COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Expenditures:				
General Government:				
Legislative:				
Personal Services	\$ 150,346	\$ 150,346	\$ 163,443	\$ (13,097)
Operating Expenses	29,642	29,642	28,497	1,145
	<u>179,988</u>	<u>179,988</u>	<u>191,940</u>	<u>(11,952) *</u>
Financial and Administrative:				
Personal Services	870,642	846,642	796,192	50,450
Operating Expenses	735,295	735,295	413,241	322,054
Capital Outlay	16,500	16,500	14,081	2,419
	<u>1,622,437</u>	<u>1,598,437</u>	<u>1,223,514</u>	<u>374,923</u>
Total General Government	<u>1,802,425</u>	<u>1,778,425</u>	<u>1,415,454</u>	<u>362,971</u>
Public Safety:				
Law Enforcement:				
Personal Services	1,278,422	1,301,922	1,337,779	(35,857)
Operating Expenses	181,375	181,375	188,376	(7,001)
Capital Outlay	56,000	56,000	7,341	48,659
	<u>1,515,797</u>	<u>1,539,297</u>	<u>1,533,496</u>	<u>5,801</u>
Fire Protection:				
Personal Services	984,779	984,779	1,039,738	(54,959)
Operating Expenses	117,651	117,651	113,767	3,884
Capital Outlay	38,268	38,268	33,347	4,921
	<u>1,140,698</u>	<u>1,140,698</u>	<u>1,186,852</u>	<u>(46,154) *</u>
Inspection and Code Enforcement:				
Personal Services	150,746	150,746	136,704	14,042
Operating Expenses	36,124	36,124	22,722	13,402
Capital Outlay	5,000	5,000	-	5,000
	<u>191,870</u>	<u>191,870</u>	<u>159,426</u>	<u>32,444</u>
Animal Control:				
Personal Services	39,378	39,378	36,440	2,938
Operating Expenses	6,327	6,327	6,279	48
Capital Outlay	10,000	10,000	-	10,000
	<u>55,705</u>	<u>55,705</u>	<u>42,719</u>	<u>12,986</u>
Total Public Safety	<u>2,904,070</u>	<u>2,927,570</u>	<u>2,922,493</u>	<u>5,077</u>

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

CITY OF LIVE OAK, FLORIDA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015
(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	\$ 1,409,437	\$ 1,409,437	\$ 1,262,890	\$ 146,547
Capital Outlay	777,683	777,683	808,812	(31,129)
	<u>2,187,120</u>	<u>2,187,120</u>	<u>2,071,702</u>	<u>115,418</u>
Culture and Recreation				
Operating Expenses	214,356	214,356	214,356	-
Capital Outlay	50,000	50,500	50,421	79
	<u>264,356</u>	<u>264,856</u>	<u>264,777</u>	<u>79</u>
Physical Environment:				
Personal Services	98,648	98,648	57,724	40,924
Operating Expenses	312,172	312,172	293,125	19,047
Capital Outlay	20,795	20,795	-	20,795
	<u>431,615</u>	<u>431,615</u>	<u>350,849</u>	<u>80,766</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>7,619,336</u>	<u>7,619,336</u>	<u>7,055,025</u>	<u>564,311</u>
Excess (Deficiency Sources Over (Under) Expenditures	<u>(2,999,852)</u>	<u>(2,999,852)</u>	<u>(3,087,452)</u>	<u>(87,600)</u>
Other Financing Sources (Uses)				
Transfers from:				
Infrastructure Fund	341,595	341,595	341,595	-
Capital Projects Fund	612,213	612,213	612,213	-
Water and Sewer Utility Fund	1,403,592	1,403,592	1,403,592	-
Stormwater Fund	70,963	70,963	70,963	-
Gas Utility Fund	246,619	246,619	246,619	-
Sanitation Fund	504,904	504,904	504,904	-
Transfers to:				
Community Redevelopment Tax Fund	(180,034)	(180,034)	(180,111)	77
Appropriated Fund Balance	-	-	-	-
Total Financing Sources (Uses)	<u>2,999,852</u>	<u>2,999,852</u>	<u>2,999,775</u>	<u>77</u>
Excess (Deficiency) of Revenue and Other sources Over (Under) Expenditures and Other Uses	-	-	(87,677)	(87,677)
Fund Balance, Beginning of Year	-	-	486,439	-
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 398,762</u>	<u>\$ (87,677)</u>

CITY OF LIVE OAK, FLORIDA
BUDGETARY COMPARISON SCHEDULE
CAPITAL PROJECTS FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 968,561	\$ 968,561	\$ 939,494	\$ (29,067)
Interest Earnings	3,668	3,668	3,998	330
Total Revenues	<u>972,229</u>	<u>972,229</u>	<u>943,492</u>	<u>(28,737)</u>
Expenditures				
Public Safety	-	-	-	-
Transportation	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other Financing Sources (Uses)				
Appropriated Fund Balance	837,781	837,781	-	(837,781)
Transfers to:				
General Fund	(953,810)	(953,810)	(953,808)	(2)
Utilities	(856,200)	(856,200)	(410,000)	(446,200)
Total Other Financing Sources	<u>(972,229)</u>	<u>(972,229)</u>	<u>(1,363,808)</u>	<u>(1,283,983)</u>
Excess of Revenues and Other Sources Over Expenditures	<u>-</u>	<u>-</u>	<u>(420,316)</u>	<u>1,255,246</u>
Fund Balances - Beginning	<u>-</u>	<u>-</u>	<u>3,826,339</u>	<u>-</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,406,023</u>	<u>\$ 1,255,246</u>

**CITY OF LIVE OAK, FLORIDA
 BUDGETARY COMPARISON SCHEDULE
 COMMUNITY REDEVELOPMENT TAX FUND
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 242,706	\$ 242,706	\$ 239,050	\$ (3,656)
Interest Earned	2,195	2,195	782	(1,413)
Intergovernmental Grant			30,203	30,203
Charges for Services	-	-	2,479	2,479
Miscellaneous	-	-	9,139	9,139
Total Revenues	<u>244,901</u>	<u>244,901</u>	<u>281,653</u>	<u>36,752</u>
Expenditures				
General Government	82,268	72,268	71,605	663
Public Safety	25,000	25,000	23,978	1,022
Culture/Recreation	67,500	77,500	43,953	33,547
Capital Outlay	-	-	-	
General Government	85,000	85,000	32,489	52,511
Physical Environment	633,172	633,172	114,385	518,787
Economic Environment		0	30,202	(30,202)
Total Expenditures	<u>892,940</u>	<u>892,940</u>	<u>316,612</u>	<u>576,328</u>
Excess of Revenues Over Expenditures	<u>(648,039)</u>	<u>(648,039)</u>	<u>(34,959)</u>	<u>613,080</u>
Other Financing Resources (Uses)				
Transfers in				
General Fund	180,034	180,034	180,111	77
Total Other Financing Sources	<u>180,034</u>	<u>180,034</u>	<u>180,111</u>	<u>77</u>
Excess of Revenues and Other Sources Over Expenditures	<u>(468,005)</u>	<u>(468,005)</u>	<u>145,152</u>	<u>-</u>
Fund Balance, Beginning of Year	<u>468,005</u>	<u>468,005</u>	<u>429,164</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 574,316</u>	<u>\$ -</u>

CITY OF LIVE OAK, FLORIDA
 Required Supplementary Information
 Substitute Firefighter Pension Fund
 Historical Trend Information For Pension Trust Funds
 For the Fiscal Year Ended September 30, 2015

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as Percentage of Payroll
10/1/14	1,918,165	1,950,731	18,513	99.04%	0	n/a
10/1/13	1,930,394	1,983,589	53,195	97.32%	0	n/a
10/1/12	1,837,464	2,121,590	284,126	86.61%	0	n/a
10/1/11	1,643,979	2,136,647	492,668	76.94%	61,610	799.70%
10/1/10	1,701,982	2,035,947	333,965	83.60%	57,868	577.10%
10/1/09	1,692,611	1,555,780	(136,831)	108.80%	58,597	-233.50%

**SCHEDULE OF CONTRIBUTIONS FROM THE EMPLOYER
 AND OTHER CONTRIBUTING ENTITIES**

Year Ended September 30	Annual Required Contribution	Sponsor Contribution	Percentage Contributed
2015	25,887	27,114	104.74%
2014	25,454	52,568	206.52%
2013	52,568	200,260	380.95%

The information presented above was required by GASB 25 and 27 and is being included for informational purposes only. Schedules required by GASB 67 and 68 are presented on the following pages.

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

	<u>9/30/2015</u>	<u>9/30/2014</u>
Total Pension Liability		
Service Cost	-	-
Interest	138,318	141,696
Change in Funding Standard Account	-	-
Changes of Benefit Terms	-	-
Differences Between Expected and Actual Experience	15,106	0
Changes in Assumptions	-	-
Benefit Payments, Including Refunds of Employee Contributions	<u>(184,871)</u>	<u>(188,607)</u>
Net Change in Total Pension Liability	(31,447)	(46,911)
Total Pension Liability - Beginning	<u>1,936,678</u>	<u>1,983,589</u>
Total Pension Liability - Ending (a)	<u><u>\$1,905,231</u></u>	<u><u>\$1,936,678</u></u>
Plan Fiduciary Net Position		
Contributions - Employer	27,114	25,454
Contributions - State	-	-
Contributions - Employee	-	-
Contributions - Buy Back	-	-
Net Investment Income	-32,672	152,834
Benefit Payments, Including Refunds of Employee Contributions	(184,871)	(188,607)
Administrative Expense	0	(1,910)
Other	-	-
Net Change in Plan Fuduciary Net Position	<u>(190,429)</u>	<u>(12,229)</u>
Plan Fiduciary Net Position - Beginning	<u>1,918,165</u>	<u>1,930,394</u>
Plan Fiduciary Net Position - Ending (b)	<u><u>\$1,727,736</u></u>	<u><u>\$1,918,165</u></u>
Net Pension Liability - Ending (a) - (b)	<u><u>\$177,495</u></u>	<u><u>\$18,513</u></u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	90.68%	99.04%

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.

CITY OF LIVE OAK, FLORIDA
 Required Supplementary Information
 Substitute Firefighter Pension Plan
 Schedule of Changes in Net Pension Liability and Related Relations
 Last 10 Fiscal Years - continued

	9/30/2015	9/30/2014
Actuarially Determined Contribution	25,887	25,454
Contributions in Relation to the Actuarially Determined Contributions	27,114	25,454
Contribution Deficiency (Excess)	\$ (1,227)	\$ -

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: 10/1/2014

Actuarially determined contribution rates are calculated as of October 1, one year prior to the end of the fiscal year which contributions are reported.

Methods and assumptions used to determine contribution rates:

Funding Method:	Aggregate Actuarial Cost Method
Amortization Method:	n/a
Asset Method:	Fair Market Value
Interest Rate:	7.5% per year compounded annually, gross of investment-related expenses
Payroll Growth:	none
Mortality:	RP-2000 Table with no projection - Based on a study of over 650 public safety funds, this table reflects a 10% margin for future mortality improvements. (Disabled lives set forward 5 years)

SCHEDULE OF INVESTMENT RETURNS
 Last 10 Fiscal Years

	9/30/2015	9/30/2014
Annual Money-Weighted Rate of Return Net of Investment Expense	-1.76%	8.29%

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

CITY OF LIVE OAK, FLORIDA
 Required Supplementary Information
 Schedule of the City's Proportionate Share of the Net Pension Liability
 Florida Retirement System and Health Insurance Subsidy Pension Plans
 September 30, 2015

FLORIDA RETIREMENT SYSTEM PENSION PLAN

	9/30/2015
City's Proportion of the FRS Net Pension Plan	0.012608384%
City's Proportionate Share of the FRS Net Pension Plan	\$ 1,628,542
City's Covered-Employee Payroll	\$ 1,737,938
City's Proportionate Share of the FRS Net Pension Liability as a Percentage of its Covered-Employee Payroll	93.71%
FRS Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	92.00%

Note: (1) 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

	9/30/2015
City's Proportion of the HIS Net Pension Plan	0.007969916%
City's Proportionate Share of the HIS Net Pension Plan	\$ 812,806
City's Covered-Employee Payroll	\$ 1,737,938
City's Proportionate Share of the HIS Net Pension Liability as a Percentage of its Covered-Employee Payroll	46.77%
HIS Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	0.50%

Note: (1) 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, 2015

FLORIDA RETIREMENT SYSTEM PENSION PLAN

	2015
Contractually Required Contribution	310,709
FRS Contribution in Relation to the Contractually Required Contribution	(310,709)
FRS Contribution Deficiency (Excess)	\$ 0
 City's Covered-Employee Payroll (FYE 9/30)	 \$ 1,737,938
 FRS Contributions as a Percentage of Covered-Employee Payroll	 17.88%

HEALTH INSURANCE SUBSIDY PENSION PLAN

	2015
Contractually Required Contribution	\$ 32,416
HIS Contribution in Relation to the Contractually Required Contribution	(32,416)
HIS Contribution Deficiency (Excess)	\$ 0
 City's Covered-Employee Payroll (FYE 9/30)	 \$ 1,737,938
 HIS Contributions as a Percentage of Covered-Employee Payroll	 1.87%

City of Live Oak, Florida
Required Supplementary Information
Schedule of Funding Progress
Other Post Employment Benefits

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
10/1/2014	\$ -	\$ 313,750	\$ 313,750	0.0%	\$ 2,452,079	12.8%
10/1/2011	\$ -	\$ 241,698	\$ 241,698	0.0%	\$ 2,418,596	10.0%
10/1/2008	\$ -	\$ 211,675	\$ 211,675	0.0%	\$ 2,208,905	9.6%

City of Live Oak, Florida
Required Supplementary Information
Schedule of Contributions
Other Post Employment Benefits

Fiscal Year Ending	Annual Required Contribution	Actual Contribution	% of Annual OPEB Cost Contributed	Net OPEB Obligation
9/30/2015	\$49,507	\$49,507	42.9%	\$136,189
9/30/2014	\$37,923	\$15,277	40.4%	\$107,935
9/30/2013	\$36,735	\$14,811	40.4%	\$92,658
9/30/2012	\$37,121	\$15,145	40.8%	\$70,734

Combining and Individual Fund Financial Statements

**CITY OF LIVE OAK, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2015**

	Special Projects Fund	State Grant Fund	Victim's Advocate Fund	Public Safety Fund	Total
Assets					
Cash and cash equivalents	\$ -		\$ -	\$ 22,472	\$ 22,472
Prepaid items	-	-	-	-	-
Due from other governments	-	\$ 10,950	3,270	-	14,220
Due from other funds	-	-	-	-	-
Total Assets	<u>-</u>	<u>10,950</u>	<u>3,270</u>	<u>22,472</u>	<u>36,692</u>
Liabilities and Fund Balances:					
Liabilities:					
Accounts payable and other current liabilities	-	-	-	-	-
Due to other funds/internal balance	-	10,950	3,270	-	14,220
Unearned revenue	-	-	-	-	-
Total Liabilities	<u>-</u>	<u>10,950</u>	<u>3,270</u>	<u>-</u>	<u>14,220</u>
Fund Balances:					
Reserved for:					
Law enforcement	-	-	-	22,472	22,472
Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,472</u>	<u>22,472</u>
Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ 10,950</u>	<u>\$ 3,270</u>	<u>\$ 22,472</u>	<u>\$ 36,692</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, 2015

	<u>Special Projects Fund</u>	<u>State Grant Fund</u>	<u>Victim's Advocate Fund</u>	<u>Safety Fund</u>	<u>Total</u>
Revenues:					
Intergovernmental	\$ 2,717	\$ 10,950	\$ 39,778	\$ 888	\$ 54,333
Fines and Forfeitures	-	-	-	-	-
Interest	-	-	-	-	-
Total Revenues	<u>2,717</u>	<u>10,950</u>	<u>39,778</u>	<u>888</u>	<u>54,333</u>
Expenditures:					
Public Safety	2,717	10,950	39,778	11,344	64,789
Total Expenditures	<u>2,717</u>	<u>10,950</u>	<u>39,778</u>	<u>11,344</u>	<u>64,789</u>
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses	-	-	-	(10,456)	(10,456)
Fund Balances, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>32,928</u>	<u>32,928</u>
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,472</u>	<u>\$ 22,472</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, 2015 and 2014

	2015	\$	2014
Governmental Funds Capital Assets:			
Land	1,464,345		1,447,687
Buildings	3,534,131		3,534,131
Improvements other than buildings	1,535,666		1,485,245
Machinery and equipment	4,125,739		4,068,468
Infrastructure	2,846,201		2,753,921
Construction work in progress	967,078		193,289
Total governmental fund capital assets	14,473,160	\$	13,482,741
Investments in Governmental Funds Capital Assets by Source:			
General Fund	7,921,903	\$	7,120,711
Special Revenue Funds	553,420		499,552
Capital Projects Fund	76,366		76,366
Federal, State, and County Grants	4,367,526		4,253,017
General Obligation Bonds	359,781		359,781
Grants and other contributed capital	1,194,164		1,173,314
Total investment in governmental funds capital assets	14,473,160	\$	13,482,741

CITY OF LIVE OAK, FLORIDA
 Capital Assets Used in the Operation of Governmental Funds
 Schedule by Function and Activity
 September 30, 2015

Function and Activity	Land	Buildings	Improve- ments Other Than Buildings	Machinery and Equipment	Infra- structure	Construct ion Work in Progress	Total
General Government:							
Legislative	\$ -	\$ -	\$ -	\$ 33,137	\$ -	\$ -	33,137
Financial and Administrative	1,132,517	1,728,386	436,434	490,796	-	22,568	3,810,701
	<u>1,132,517</u>	<u>1,728,386</u>	<u>436,434</u>	<u>523,933</u>	<u>-</u>	<u>22,568</u>	<u>3,843,838</u>
Public Safety:							
Police protection	40,000	648,376	-	903,497	-	-	1,591,873
Protective Insp.	40,000	445,105	-	42,446	-	-	527,551
Fire protection	35,576	641,471	-	1,787,598	-	-	2,464,645
	<u>115,576</u>	<u>1,734,952</u>	<u>-</u>	<u>2,733,541</u>	<u>-</u>	<u>-</u>	<u>4,584,069</u>
Transportation:							
Roads and Streets Facilities	174,013	-	-	821,417	1,823,409	944,510	3,763,349
Maintenance	-	54,617	-	46,848	-	-	101,465
	<u>174,013</u>	<u>54,617</u>	<u>-</u>	<u>868,265</u>	<u>1,823,409</u>	<u>944,510</u>	<u>3,864,814</u>
Physical Environment:							
Cemetery	42,239	16,176	-	-	-	-	58,415
Other	-	-	1,099,232	-	1,022,792	-	2,122,024
	<u>42,239</u>	<u>16,176</u>	<u>1,099,232</u>	<u>-</u>	<u>1,022,792</u>	<u>-</u>	<u>2,180,439</u>
Total governmental Capital Assets	<u>\$ 1,464,345</u>	<u>\$ 3,534,131</u>	<u>\$ 1,535,666</u>	<u>\$ 4,125,739</u>	<u>\$ 2,846,201</u>	<u>\$ 967,078</u>	<u>\$ 14,473,160</u>

CITY OF LIVE OAK, FLORIDA
 Capital Assets Used in the Operation of Governmental Funds
 Schedule of Changes by Function and Activity
 For the Fiscal Year Ended September 30, 2015

Function and Activity	Governmental Funds Capital Assets 09/30/2014	Additions	Deletions	Governmental Funds Capital Assets 09/30/2015
General Government:				
Legislative	\$ 33,137	\$ -	\$ -	\$ 33,137
Financial and Administrative	3,811,888	40,771	(41,958)	3,810,701
	<u>3,845,025</u>	<u>40,771</u>	<u>(41,958)</u>	<u>3,843,838</u>
Public Safety:				
Police protection	1,541,236	50,637		1,591,873
Protective Inspection	527,550	-	-	527,550
Fire protection	2,451,092	13,553	-	2,464,645
	<u>4,519,878</u>	<u>64,190</u>	<u>-</u>	<u>4,584,068</u>
Transportation:				
Roads and Streets Facilities	2,965,957	797,393		3,763,350
Maintenance	101,465	-	-	101,465
	<u>3,067,422</u>	<u>797,393</u>	<u>-</u>	<u>3,864,815</u>
Physical Environment:				
Cemetery	58,415	-	-	58,415
Other	1,992,001	130,023	-	2,122,024
	<u>2,050,416</u>	<u>130,023</u>	<u>-</u>	<u>2,180,439</u>
Total governmental funds capital assets	<u>\$ 13,482,741</u>	<u>\$ 1,032,377</u>	<u>\$ (41,958)</u>	<u>\$ 14,473,160</u>

**ADDITIONAL ELEMENTS OF REPORT PREPARED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS, ISSUED BY THE COMPTROLLER
GENERAL OF THE UNITED STATES AND OMB CIRCULAR A-133; 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, 2015

Federal Agency Pass-through Entity Federal Program Project	CFDA#	Contract/Grant Number	Expenditures
U.S. Department of Homeland Security			
Direct Programs:			
Federal Emergency Management Administration	97.036	13-DB-73-03-71-01-586	40,225
U.S. Department of Agriculture			
Agricultural Marketing Service	10.168	USDA-AMS-FMPP-2014	30,202
Farmer's Market and Local Food Promotion Program			
Indirect Programs:			
Passed through Florida Department of Law Enforcement			
Edward Bryne Memorial Justice Assistance Grant Program	16.738	2015-JAGD-SUWA-1-R1-012	2,717
Pass through the Office of the Attorney General Victim's Advocate			
Crime Victim Assistance	16.575	V030-14049	39,778
Total Expenditures of Federal Awards			<u>112,922</u>
State Agency Pass-through Entity	CSFA#	Contract/Grant Number	Expenditures
Florida Department of Environmental Protection			
Clean Water State Revolving Fund	37.075	SG662100	455,019
Florida Department of Environmental Protection			
Florida Recreation Development Assistant Program	37.017	A5063	50,000
Florida Department of Economic Opportunity			
Rural Infrastructure Grant	40.013	D0034	15,200
Florida Department of Historical Resources			
Historic Preservation Grant	45.032	SC519	10,950
Florida Department of Transportation			
Small County Outreach Program	55.009	437258-1-54-01	20,200
Total Expenditures of State Financial Assistance			<u>551,369</u>
Total Expenditures of Federal Awards and State Financial Assistance			<u>664,291</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, 2015

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, 2015. There were no loan expenditures incurred during the year ended September 30, 2015.

All FDEP Program Title Expenditures Loan Amounts

U.S. Department of Environmental Protection	CFDA No.	Outstanding
State Revolving Fund Loan No. WW66206P	66.458	621,800
State Revolving Fund Loan No. WW66208	66.458	7,219,259
State Revolving Fund Loan No. WW662111	66.458	10,602,215
State Revolving Fund Loan No. WW662110	66.458	199,413
State Revolving Fund Loan No. WW610201	66.458	121,306
State Revolving Fund Loan No. WW610220	66.458	1,732,720
State Revolving Fund Loan No. WW610200	66.458	1,114,902
State Revolving Fund Loan No. WW66207P	66.458	97,595
State Revolving Fund Loan No. WW662070	66.458	438,380
State Revolving Fund Loan No. DW610211	66.458	338,832
State Revolving Fund Loan No. DW610210	66.458	374,235
Total		22,860,657

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
STATE FINANCIAL ASSISTANCE
CITY OF LIVE OAK, FLORIDA**

1. Summary of Audit Results

Financial Statements

I. Type of Audit Report Issued on Financial Statements

Unmodified Opinion

II. Significant Deficiency and/or Material Weaknesses in Internal Control

Audit disclosed no significant deficiencies and/or material weaknesses in internal control over financial reporting.

III. Noncompliance Material to Auditee Financial Statements

Audit disclosed no material instances of noncompliance.

State Projects

IV. Significant Deficiencies and/or Material Weaknesses in Internal Control Over Major State Financial Assistance Projects

Audit disclosed no significant deficiencies and/or material weaknesses in internal control over major state financial assistance projects that are required to be reported in the schedule of findings and questioned costs.

V. Type of Audit Report Issued on Compliance with Requirements Applicable to Major State Financial Assistance Projects

Unmodified Opinion

VI. Audit Findings Relative to Major State Projects

The audit disclosed no findings required to be reported under Chapter 10.550, *Rules of the Auditor General*.

VII. Projects Tested as Major State Projects Included:

■ **State Projects**

- Clean Water State Revolving Fund

CFSA No.
37.075

VIII. Dollar Threshold Used to Distinguish Between Type A and Type B State Projects

■ **State Projects**

\$165,411

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
STATE FINANCIAL ASSISTANCE
CITY OF LIVE OAK, FLORIDA
(Concluded)

2. Findings Related to the Financial Statements Required to be Reported Under Generally Accepted Government Auditing Standards (GAGAS)

The audit disclosed no findings, which are required to be reported under GAGAS.

3. Findings and Questioned Costs for Major State Projects

The audit disclosed no findings for state projects, which are required to be reported under Chapter 10.550, *Rules of the Auditor General*.

4. Status of Prior Audit Findings

There were no prior year findings required to be reported in accordance with Chapter 10.550, *Rules of the Auditor General*.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
STATE PROJECT AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY CHAPTER 10.550,
*RULES OF THE AUDITOR GENERAL***

The Honorable Mayor and City Commissioners
City of Live Oak
Live Oak, Florida

Report on Compliance for Each Major State Project

We have audited the City of Live Oak, Florida's, (the City) compliance with the types of compliance requirements described in the Florida Department of Financial Services' *State Projects Compliance Supplement* that could have a direct and material effect on each of the City's major state projects for the year ended September 30, 2015. The City's major state projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state projects.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major state projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, *Rules of the Auditor General*. Those standards, and Chapter 10.550, *Rules of the Auditor General*, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state project occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major State Project

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state projects for the year ended September 30, 2015.

Certified Public Accountants

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The Honorable Mayor and City Commissioners
City of Live Oak
Live Oak, Florida

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
STATE PROJECT AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY CHAPTER 10.550,
RULES OF THE AUDITOR GENERAL
(Concluded)**

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state project and to test and report on internal control over compliance in accordance with Chapter 10.550, *Rules of the Auditor General*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Chapter 10.550, *Rules of the Auditor General*. Accordingly, this report is not suitable for any other purpose.



June 3, 2016
Tallahassee, Florida

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

The Honorable Mayor and City Commissioners
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, 2015, 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 3, 2016.

Internal Control Over Financial Reporting

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

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

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

Certified Public Accountants

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The Honorable Mayor and City Commissioners
City of Live Oak
Live Oak, Florida

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

Compliance and Other Matters

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

Purpose of this Report

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

Purvis, Gray and Company, LLP

June 3, 2016
Tallahassee, Florida

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

The Honorable Mayor and City Commissioners
City of Live Oak
Live Oak, Florida

We have examined the City of Live Oak, Florida's (the City) compliance with the requirements of Section 218.415, Florida Statutes, as of and for the year ended September 30, 2015, as required by Section 10.556(10(a), *Rules of the Auditor General*. Management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination of the City's compliance with specified requirements.

In our opinion, the City complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2015.

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



June 3, 2016
Tallahassee, Florida

Certified Public Accountants

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MANAGEMENT LETTER

The Honorable Mayor and City Commissioners
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, 2015, and have issued our report thereon dated June 3, 2016.

Auditors' Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, *Rules of the Auditor General*.

Other Reports and Schedule

We have issued our Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditors' Report on Compliance for Each Major State Project and on Internal Control Over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountants' Report on an examination conducted in accordance with AICPA Professional Standards, Section 601, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports and schedule, which are dated June 3, 2016, 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. Corrective action has been taken to address the recommendation made in the preceding annual financial report.

Official Title and Legal Authority

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

Certified Public Accountants

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MANAGEMENT LETTER
(Continued)

Financial Condition

- Sections 10.554(1)(i)5.a. and 10.556(7), *Rules of the Auditor General*, require that we apply appropriate procedures and report 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 identification of 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.c. and 10.556(8), *Rules of the Auditor General*, we applied financial condition assessment procedures. 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 the review of financial information provided by same.

Annual Financial Report

- Sections 10.554(1)(i)5.b., and 10.556(7), *Rules of the Auditor General*, require that we apply appropriate procedures and report the results of our determination as to whether the annual financial report for the City for the fiscal year ended September 30, 2015, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2015. In connection with our audit, we determined that these two reports were in agreement.

Special District Component Units

- Section 10.554(1)(i)5.d., *Rules of the Auditor General*, requires that we determine whether or not a special district that is a component unit of a county, municipality, or special district, provided 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 determined that no special district component units were required to provide the necessary information for reporting in accordance with Section 218.39(3)(b), Florida Statutes.

Other Matters

- Section 10.554(1)(i)2., *Rules of the Auditor General*, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we offer the following recommendation:

2015-1 – Water Utility Line Loss

As part of our audit procedures over utility billings, we reviewed line loss of the City's water utility system by comparing gallons pumped from the water plant against gallons billed to customers. The water systems line loss for the year was 22%, which is higher than industry averages. We recommend the City investigate what could be causing these line losses and test and replace meters and water lines as deemed necessary.

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

The Honorable Mayor and City Commissioners
City of Live Oak
Live Oak, Florida

MANAGEMENT LETTER
(Concluded)

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 City Commissioners, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

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

Purvis, Gray and Company, LLP

June 3, 2016
Tallahassee, Florida



CITY OF LIVE OAK

101 SOUTHEAST WHITE AVE.
LIVE OAK, FL 32064

“The Caring Community”

Garth R. Nobles, JR., Mayor
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“Part of the Original Florida”

May 26, 2016

Auditor General’s Office
Local Government Section
Claude Pepper Building, Room 401
111 West Madison Street
Tallahassee, Fl. 32399-1450

Re: City of Live Oak Annual Audit

Dear Sir;

This letter is in response to the independent auditor’s findings in the management letter for the fiscal year ending September 30, 2015. The findings are addressed as follows:

2015-1—Water Utility Line Loss

As part of our audit procedures over utility bills, we reviewed line loss of the City’s water utility system by comparing gallons pumped from the water plant against gallons billed to customers. The water systems line loss for the year was 22%, which is higher than industry averages. We recommend the City investigate what could be causing these line losses and test and replace meters and water lines as deemed necessary.

The Finance and Public Works Departments are working closely to determine what the issue or issues may be. Our first step is confirm the data is being recorded correctly. Once this process is complete, Public Works is setting up a special program to review meters for functionality and lines for leakage. This is anticipated to take several months, but is considered to be very important. Once the issues are identified, steps will be taken to resolve problems. This volume of loss represents significant potential revenue loss and will be treated accordingly.

Sincerely,


Janet L. Parkhurst
Finance Director

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