

CITY OF LIVE OAK

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

Audited Financial Statements and Independent Auditors Report

Year ended 9/30/2022



**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORTS
CITY OF LIVE OAK, FLORIDA
SEPTEMBER 30, 2022**

CITY OF LIVE OAK, FLORIDA

CITY OFFICIALS

September 30, 2022

Officials

Elected Term Expiration

Mayor

Frank C. Davis

June 2026

City Council

Tesie Allen

June 2024

David Burch

June 2024

Tommie Jefferson

June 2026

Matt Campbell

June 2026

Lynda Brown Owens

June 2024

City Clerk

John Gill

June 2026

City Attorney

Thomas J. Kennon

City Administration

George D. Curtis

City Manager – prior to 5-1-2023

Larry C. Sessions

Larry C. Sessions - 4-21-2023

Joanne M. Luther

Director of Finance

**CITY OF LIVE OAK, FLORIDA
TABLE OF CONTENTS**

September 30, 2022

Financial Section

Independent Auditor’s Report	1
Management’s Discussion and Analysis (Unaudited)	4
Basic Financial Statements	
Statement of Net Position	16
Statement of Activities	17
Fund Financial Statements:	
Balance Sheet – Governmental Funds	18
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	19
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	20
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	21
Statement of Net Position – Proprietary Funds	22
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds	23
Statement of Cash Flows – Proprietary Funds	24
Statement of Fiduciary Net Position – Fiduciary Funds	26
Statement of Changes in Fiduciary Net Position	27
Notes to the Financial Statements	29
Required Supplemental Information:	
Budgetary Comparison Schedule – General Fund	69
Budgetary Comparison Schedule – Community Redevelopment Tax Fund	72
Firefighter Pension Trust Fund Schedule of Changes in Net Pension Liability and Related Relations	73
Firefighter Pension Trust Fund Schedule of Investment Returns	74
Florida Retirement Fund Schedule of the City’s Proportionate Share of Net Pension Liability	76
Florida Retirement Fund Schedule of City’s Contributions	77
Other Post-Employment Benefits Schedule Total Liability and Related Relations	78
Combining and Individual Fund Financial Statements:	
Combining Balance Sheet – Non-Major Governmental Funds	80
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Non-Major Governmental Funds	81

CITY OF LIVE OAK, FLORIDA

TABLE OF CONTENTS

September 30, 2022

Capital Assets Used in the Operation of Governmental Funds:

Comparative Schedules by Source	83
Schedule by Function and Activity	84
Schedule of Changes by Function and Activity	85

Other Information

Schedule of Expenditures of Federal Awards and State Financial Assistance	87
Notes to Schedules of Expenditures of Federal Awards	88
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 <i>Government Auditing Standards</i>	89-90
Independent Accountants' Report on Compliance with Section 218.415 Florida Statutes	91
Management Letter	92-94
Affidavit of Impact Fee Compliance	95

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

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, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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, 2022, 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.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

CERTIFIED PUBLIC ACCOUNTANTS

Gainesville | Ocala | Tallahassee | Sarasota | Orlando | Lakeland | Tampa

purvisgray.com

Members of American and Florida Institutes of Certified Public Accountants

An Independent Member of the BDO Alliance USA

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

INDEPENDENT AUDITOR'S REPORT

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing

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

INDEPENDENT AUDITOR'S REPORT

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.

Supplementary 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 accompanying combining and individual non-major fund financial statements, the capital asset schedules, and the schedule of expenditures of federal awards and state financial assistance, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 16, 2023, 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 the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*, in considering the City's internal control over financial reporting and compliance.



May 16, 2023
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, 2022, with selected comparative information for the fiscal year ended September 30, 2021. This discussion has been prepared by management and should be read in conjunction with the basic financial statements, footnotes, and supplementary information found in this report. This information taken collectively is designed to provide readers with an understanding of the City's finances.

Financial Highlights

- The assets and deferred outflows of resources of the City of Live Oak exceed its liabilities and deferred inflows resources at the close of fiscal year 2022 by \$66,469,965(net position). Requirements of GASB 68 ensure that all long-term debt is reflected in Net Position, therefore with the GASB 68 reporting the 2022 Governmental Activities Unrestricted Net Position is (\$135,631).
- The City's total net position increased by \$3,171,452 or 5.01%. The governmental activities net position increased by \$2,285,059 including the current adjustment for GASB 68 long-term pension debt and the business-type net position increased by \$886,393 or 12.06% and 2% respectively.
- At the closing of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$12,484,538 an increase of \$1,953,760 in comparison with the prior year. At that time, \$4,608,661 is at the government's discretion (unassigned fund balance).

Overview of the Financial Statements

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

Government-Wide Financial Statements

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

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

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

The government-wide statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). Governmental activities include general government, public safety, economic environment, physical environment, transportation, culture and recreation. Business-type activities include water and gas utilities, sewer, stormwater, and the refuse collection and disposal system. The government-wide financial statements can be found on page 16-17 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 nine individual governmental funds. Information is presented separately for the general fund and community redevelopment, ARPA, and capital projects fund and all 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 20 of this report.

Proprietary Funds - The City maintains four types of proprietary funds. 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 25 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 community redevelopment tax funds. A budgetary comparison schedule has been provided as required supplementary information for the general and community redevelopment tax funds to demonstrate compliance with this budget. The American Rescue Plan Act Fund (ARPA) is a new fund for the year under audit. As funding received was not planned funding, and no expenditures were expected to occur or did occur in this fund during the fiscal year ended September 30, 2022, no budget was legally required to be prepared or adopted for this fund. This information can be found beginning on page 69.

The combining statements referred to earlier in connection with non-major governmental funds can be found beginning on page 79 of this report.

Infrastructure Assets

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

MANAGEMENT’S DISCUSSION AND ANALYSIS
(Continued)

Government-Wide Financial Analysis

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

Summary of Net Position

The Statement of Net Position presents the financial position of the City at the end of the fiscal year. The statement includes all assets and liabilities of the City. Net position is the difference between total assets and total liabilities and is an indicator of the current fiscal health of the City. The following is a summarized comparison of the City’s assets, liabilities, and net position at September 30, 2022:

Condensed Statement of Net Position

	Governmental Activities		Business-Type Activities		Totals		Total % Change 2021-2022
	2022	2021	2022	2021	2022	2021	
Current and other assets	16,424,119	11,022,586	5,809,327	4,249,605	22,233,446	15,272,191	45.6%
Capital assets	13,631,807	13,411,180	51,399,953	52,504,768	65,031,760	65,915,948	-1.3%
Total assets	<u>30,055,926</u>	<u>24,433,766</u>	<u>57,209,280</u>	<u>57,726,960</u>	<u>87,265,206</u>	<u>81,188,139</u>	7.5%
Total Deferred Outflows	1,622,102	1,271,993	36,147	34,823	1,658,249	1,306,816	26.9%
Current liabilities	3,950,005	491,808	2,133,604	1,718,965	6,083,609	2,210,773	175.2%
Noncurrent liabilities	5,595,017	2,549,068	9,853,813	10,618,083	15,448,830	13,167,151	17.3%
Total liabilities	<u>9,545,022</u>	<u>3,040,876</u>	<u>11,987,417</u>	<u>12,337,048</u>	<u>21,532,439</u>	<u>15,377,924</u>	40.0%
Total Deferred Inflows	900,836	3,717,772	20,215	100,746	921,051	3,818,518	-75.9%
Net Position							
Net Investment in capital assets	13,631,807	13,411,180	41,155,770	41,164,449	54,787,577	54,575,629	0.4%
Restricted for debt service	-	-	207,410	207,410	207,410	207,410	0.0%
Restricted for other purposes	7,735,994	7,106,772	673,673	641,878	8,409,667	7,748,650	8.5%
Unrestricted	(135,631)	(1,570,841)	3,200,942	2,337,665	3,065,311	766,824	-299.7%
Total Net Position	<u>21,232,170</u>	<u>18,947,111</u>	<u>45,237,795</u>	<u>44,351,402</u>	<u>66,469,965</u>	<u>63,298,513</u>	5.0%

The majority of the City’s net position, 82.4% and 86.2% at September 30, 2022 and 2021 respectively, represent its investment in capital assets (land, buildings, wastewater treatment plant, machinery and equipment), less the related indebtedness outstanding used to acquire those capital assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Since the City’s investment in its capital assets is reported net of related debt, it should be noted that the resources required to repay this debt must be provided annually from operations, since it is unlikely that the capital assets themselves will be liquidated to pay the liabilities.

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

Summary of Net Position (continued)

Restricted net position are proceeds of certain revenue note obligations, as well as certain resources restricted for their repayment, which are set aside in the government-wide financial statements. Their use is limited by applicable legal indentures imposed by applicable bond covenants and other legal indentures. Net position restricted for debt service and capital acquisitions represent 13% and 12.6% of net position at September 30, 2022 and 2021 respectively.

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

	Governmental Activities		Business-Type Activities		Totals		Total % Change 2022-2021
	2022	2021	2022	2021	2022	2021	
Revenues							
Program revenue							
Charges for services	473,266	486,619	8,362,333	7,494,210	8,835,599	7,980,829	10.71%
Capital Grants/Contributions	343,787	876,667	292,583	43,696	636,370	920,363	-30.86%
Operating contributions	62,864	291,099	-	-	62,864	291,099	-78.40%
General revenue							
Taxes	6,435,354	5,886,274	255,508	226,393	6,690,862	6,112,667	9.46%
Intergovernmental	431,774	347,518	-	-	431,774	347,518	24.25%
Investment earnings	35,409	16,540	7,601	3,531	43,010	20,071	114.29%
Miscellaneous	219,911	113,875	5,790	16,318	225,701	130,193	73.36%
	<u>8,002,365</u>	<u>8,018,592</u>	<u>8,923,815</u>	<u>7,784,148</u>	<u>16,926,180</u>	<u>15,802,740</u>	<u>7.11%</u>
Expenses							
General government	1,787,899	1,822,964	-	-	1,787,899	1,822,964	-1.92%
Public safety	3,023,874	2,493,116	-	-	3,023,874	2,493,116	21.29%
Transportation	1,122,100	1,221,999	-	-	1,122,100	1,221,999	-8.18%
Physical environment	454,695	296,347	-	-	454,695	296,347	53.43%
Human services	120,455	29,750	-	-	120,455	29,750	304.89%
Economic Environment	98,550	103,101	-	-	98,550	103,101	-4.41%
Culture/recreation	387,629	289,223	-	-	387,629	289,223	34.02%
Water, sewer, stormwater, gas, and sanitation	-	-	6,759,526	6,505,018	6,759,526	6,505,018	3.91%
	<u>6,995,202</u>	<u>6,256,500</u>	<u>6,759,526</u>	<u>6,505,018</u>	<u>13,754,728</u>	<u>12,761,518</u>	<u>7.8%</u>
Changes in net position before transfers	1,007,163	1,762,092	2,164,289	1,279,130	3,171,452	3,041,222	4.28%
Interfund Services Provided (Used)	1,277,896	1,517,178	(1,277,896)	(1,517,178)	-	-	-
Change in net position	<u>2,285,059</u>	<u>3,279,270</u>	<u>886,393</u>	<u>(238,048)</u>	<u>3,171,452</u>	<u>3,041,222</u>	<u>4.28%</u>
Net position - beginning	18,947,111	15,667,841	44,351,402	44,589,450	63,298,513	60,257,291	5.05%
Net position - ending	<u>21,232,170</u>	<u>18,947,111</u>	<u>45,237,795</u>	<u>44,351,402</u>	<u>66,469,965</u>	<u>63,298,513</u>	<u>5.01%</u>

The City's total revenue increased by 7.11% or 1,123,440. This was due to increase in Business Type Service Charges and General Funds Taxes. The Taxes increased 9.46% or 867,370 due increased tax values and mild growth.

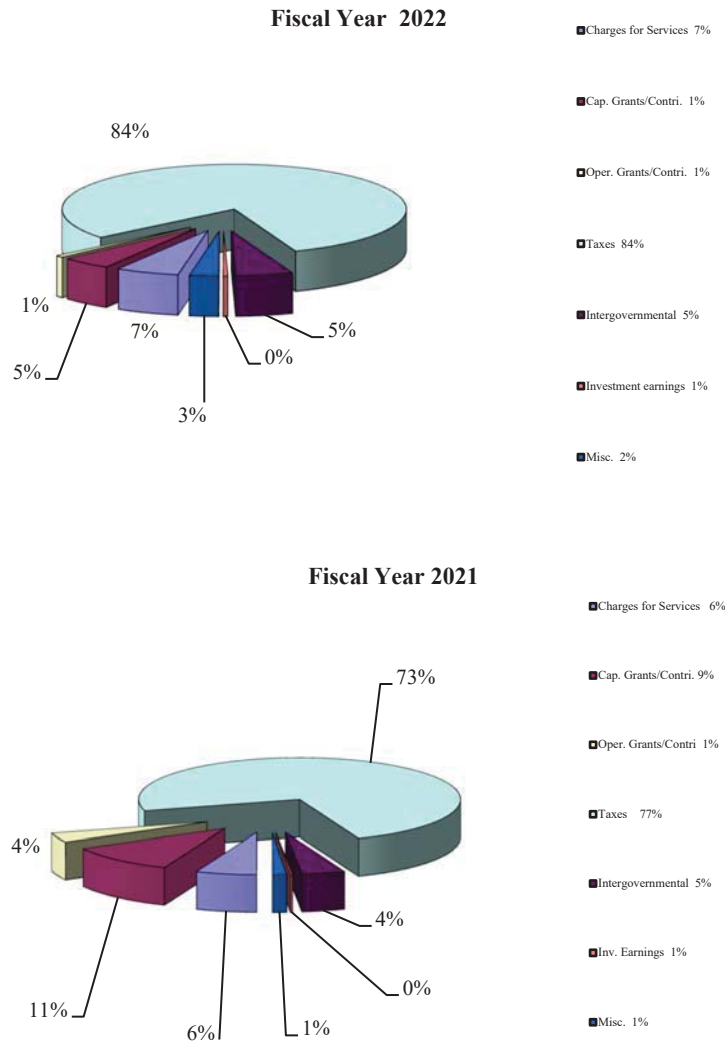
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Governmental Activities

The cost of all governmental activities this year was \$6.2 million compared to \$8.1 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 and State taxes was \$6.4 million with the remaining amount being paid by Capital Grants, and Charges for Services and other sources. Overall, the City's governmental program revenues decreased in fiscal year 2022 from \$1,654,385 to \$808,820 due less funding from Operating and Capital Grants.

Below is a comparison of the composition of fiscal year 2021 and 2022 governmental funds revenues and expenses:

Revenue Comparison by Source

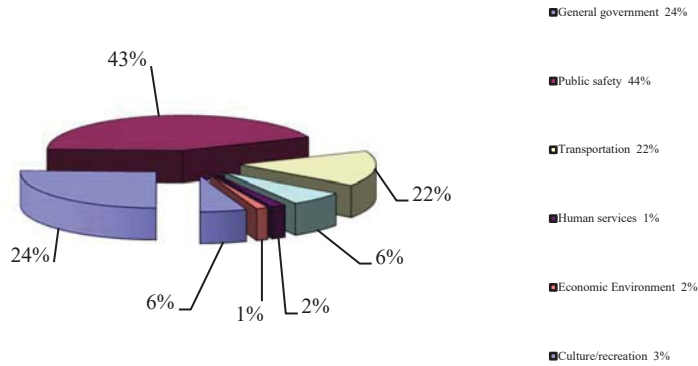


MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

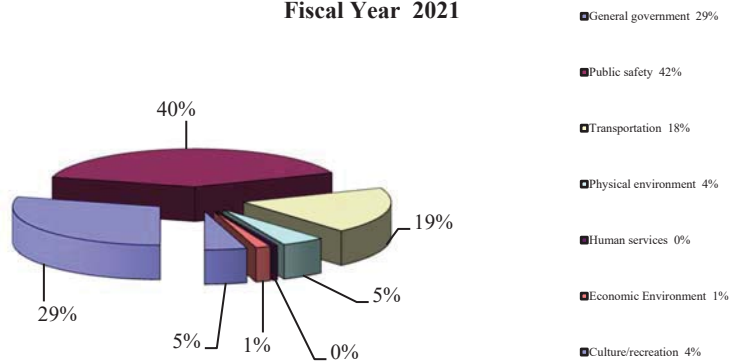
Governmental Activities (continued)

Expenditure Comparison by Source

Fiscal Year 2022



Fiscal Year 2021

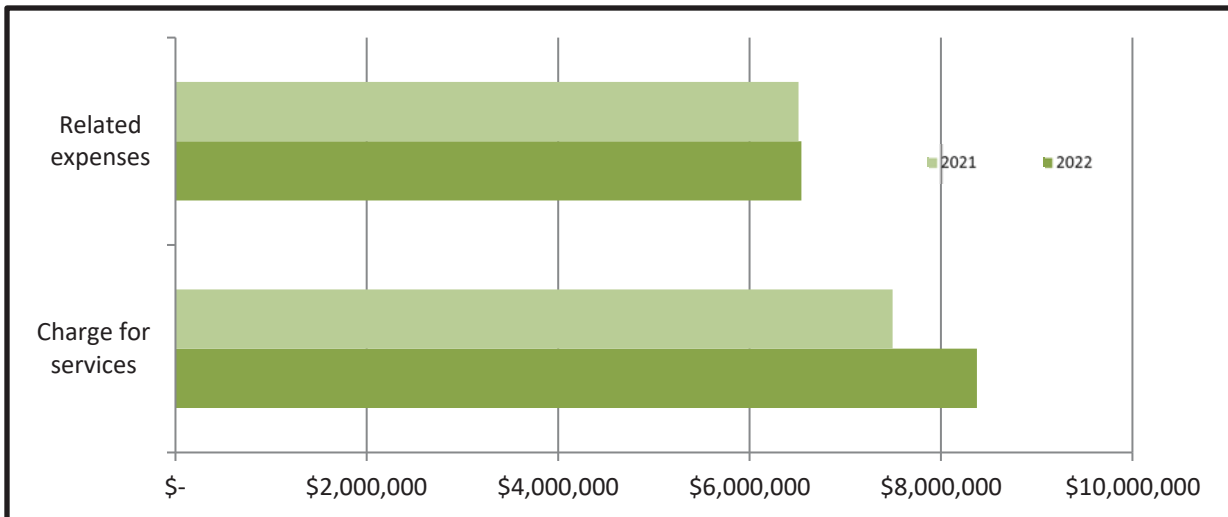


MANAGEMENT’S DISCUSSION AND ANALYSIS
(Continued)

Business-type Activities

Charges for services of 2022 of the City’s business-type activities increased 11.7% or \$880,723 over fiscal year 2021 and operating expenses increased by 0.4% or \$30,461 from the prior year. The increase in revenue is due to a rate increase of Garage fees due to an increase in landfill disposal costs. Gas revenue and expenses all increased this past fiscal year, offsetting each other. The following is a graphic comparison of revenue and expenses of the City’s business type activities.

Revenue and Expense Comparison Fiscal Years 2022 and 2021



Capital Assets

At the end of 2022 the City had \$65,031,760 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 \$884,188 in capital assets which is reflected in a governmental activities increase of 222,627 or .1.6% and a decrease of (\$1,104,815) or (2.1)% for business-type activities. Although there were some Capital equipment purchases and street paving improvements, those additions were offset by depreciation reductions. The following table illustrates the changes in capital assets (see pages 44 and 45 in the notes to the financial statements for detailed changes in capital assets).

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

Capital Assets (continued)

	Governmental Activities		Business-type Activities		Totals	
	2022	2021	2022	2021	2022	2021
Capital Assets:						
Land	\$ 1,853,263	\$ 1,823,159	\$ 1,602,184	\$ 1,602,184	\$ 3,455,447	\$ 3,425,343
Buildings and improvements	6,567,103	6,549,838	71,493,944	71,442,425	78,061,047	77,992,263
Machinery and equipment	4,481,366	4,547,945	2,009,104	2,161,673	6,490,470	6,709,618
Right-to-Use Assets Under Leases	33,334	-	2,008	-	35,342	-
Infrastructure	9,618,254	8,544,688	-	-	9,618,254	8,544,688
Construction work in progress	45,186	789,255	343,127	-	388,313	789,255
Subtotal	\$22,598,506	\$ 22,254,885	\$ 75,450,367	\$ 75,206,282	\$ 98,048,873	\$ 97,461,167
Less Accumulated Depreciation and Amortizations	(8,966,699)	(8,843,705)	(24,050,414)	(22,701,514)	(33,017,113)	(31,545,219)
Capital Assets, Net	\$13,631,807	\$ 13,411,180	\$ 51,399,953	\$ 52,504,768	\$ 65,031,760	\$ 65,915,948

The City's capital budget for fiscal year 2022 calls for approximately \$15,000,000 in capital projects. This is partially comprised of \$2,500,000 for Street improvements, \$3,770,000 for Water line improvements, \$5,900,000 Sewer projects, \$2,660,000 for Stormwater improvements. Funding for these projects include \$3,400,000 Federal ARPA funds as well as 3,200,000 Federal FDEP funding and 2,200,000 FDOT Transportation alternative funding and SRWMD stormwater project funding.

Debt

At September 30, 2022 the City had \$10,514,182 in notes payable. This is a decrease over fiscal year 2021 of (\$826,137). This balance represents the City's participation in the State Revolving Loan Fund (SRLF) program, for required improvements at the Sewage Treatment Plant, Sanitary Sewer Rehab and Drinking Water Well field's upgrade and Stormwater projects. This balance is detailed in Note 11 Long-term Debt on page 48.

	Business-type Activities	
	2022	2021
*Note Payable-DEP	\$ 10,514,182	\$ 11,340,319

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

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

While the City of Live Oak continues to be challenged by ageing infrastructure, we strive to continue to make improvements as we are able. Housing and job creation remain a goal of the City. City and CRA efforts continue to make contributions to encourage growth. The City continues to explore the most viable alternatives for both grant

opportunities and municipal debt to address slow growth and development, as well as how to capture any associated revenue opportunities. The City is continuing to work with the Federal Government, State of Florida, North Central Florida Planning Council, Florida Department of Transportation, Suwannee County, Suwannee River Water Management District, City's consulting engineers, and private developers to address grant opportunities.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Public Works Department / Streets

The Florida Department of Transportation SCOP grant funded paving project of Winderweedle Street was completed Spring of 2022. The project included repaving, drainage improvement, and addressed utilities modifications.

Engineering design for the repaving of Palm Street began near the end of the fiscal year and the contract for paving was awarded early in fiscal year 2023.

Live Oak Fire Department

The Fire Department continues to provide outstanding services and dedication to the citizens of Live Oak Fire Department. For the first time in LOFD's 120 years of service to the community, an official working relationship has been formed with Suwannee County Fire Rescue. As of March 2022, LOFD automatically responds to structure fires within a 5-mile radius of the fire station, which expands into county areas due to an Automatic Aid Agreement which was drafted by both Chief Croft of LOFD and Chief Hand of SCFR. The agreement helps boost manpower and equipment that would respond to structure fires within the area of service agreed upon. The automatic aid agreement has already proven to strengthen safety and working relations between the two departments as there have been many incidents where personnel and equipment have been bolstered on structure fires in the city, which have, undoubtedly, helped preserve life and property for many Live Oak residents.

The LOFD continues its tradition of excellence and service to the community while being recognized as an ISO Class III Fire Service, thus the only Class III fire department in Florida based upon population served. The LOFD continues to maintain Emergency Medical Technician certification by 100% of the Firefighters employed. Each firefighter is required to take 40-hour courses to receive Continuing Education Units that allow for the renewal of their EMT licenses every two years. LOFD currently employs two Firefighter Paramedics, which will further assist in any growth toward expansion in the medical field, should the city decide to begin EMS services to the citizens in the near future. LOFD continues to maintain the current ISO (International Organization for Standardization) rating of III through additional training curriculum, public education, outreach, equipment maintenance and inventory advancements. LOFD adheres to ISO recommended minimum staffing of 4 personnel on shift at all times thus continuing our mission to better our service to the citizens of Live Oak. The Insurance Service Office is an independent company that serves insurance companies, communities, fire departments, insurance regulators and others by providing information about risk. As the ISO rating for the City of Live Oak is Protection Class III, it places our fire department in the top 2 percent of the 49,010 fire services nationally. The City of Live Oak began with an ISO Protection Class of VIII in 1958, followed by a Protection Class VII in 1967, Protection Class VI in 1992, Protection Class V in 2004, Protection Class IV in 2007 and the current Protection Class of III in 2015. The ISO's 26 pages analysis of the LOFD covers our emergency reporting, telecommunications, dispatch protocols, engine companies, reserve pumpers, pumping capacities, ladder /service companies, deployment protocols, company personnel, training, operational considerations, community risk reductions, water supply, hydrant size, type and installation, inspections of hydrant, pump testing, fit testing, aerial apparatus, ground ladder, and SCBA testing, pre-fire planning of commercial structures, fire prevention programs organized with the local schools and daycares and Life Safety inspections on licensed business operating inside the City of Live Oak. All testing/inspection requirements stated herein are conducted annually by the LOFD and verified by ISO every 5 years to maintain current and satisfactory reporting.

Throughout 2022, LOFD has been involved in various community programs that allow children in the area to get an up-close look at the apparatus and equipment we use to serve the community by going out to various schools and daycares and teaching fire safety, as well as, providing "water days" during the summer. LOFD continues to provide suppression and manpower to all the events put on by the city where fireworks were involved, like the bulldog bash and 4th of July celebrations. LOFD assisted with the Christmas on the Square 3-day event where Santa was escorted into the city and various events took place.

Also, LOFD (Sparky's Kids) continued its tradition of more than 40 years, helping to provide toys to PAL (Police Athletic League), during the Christmas season and also provided gift cards/vouchers for food or basic necessities to those in need.

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

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

Since 2018 the L.O.P.D has received 2 grants per year to enable traffic enforcement details without interrupting calls for service. The one objective is for occupant protection and the other grant is for aggressive driving and speed. The Live Oak Police Department has also implemented Project Lifesaver and was essential in passing of Leo's Law which was just recently enacted. This program allows for GPS tracking abilities to those with Autism and other developmental delays in the event of wandering. The L.O.P.D. has 15 GPS units assigned currently. To add to our Project Lifesaver program, the Live Oak Police Department was awarded a federal JAG grant to purchase supplies that will allow us to operate PLS for years to come. Additionally, we were able to purchase gear such as a Polaris Ranger, thermal imaging as well as other equipment to aid us in searching for any potentially lost PLS participants. This grant has allowed us to be more prepared to handle any future tragedies such as Leo Walker.

In the fiscal year 2020-21 the department received Federal COVID emergency supplemental funding, traffic control systems were purchased to help assist in traffic coordination of food programs, covid testing and virus inoculations.

Since 2021 The Live Oak Police Department has made great efforts to be active in Job fairs and career days in the local area, as well as surrounding Counties to try and increase the number and quality of applications. We are more proactive in community events to try and gain community trust and increase positive citizen interactions.

In 2022 The City of Live Oak along with the Suwannee County Sheriff's office upgraded radio communication devices for Law Enforcement. This was done to enhance safety of the Officers and community.

In 2022 we applied for and received a grant to purchase medical kits for each patrol car to be better able to render first aid, while an ambulance is enroute.

Our Agency is continuing to seek grants to provide more and better equipment, so our Officers can better serve our community.

Community Projects

Live Oak Cemetery roads were also resurfaced. The City also finalized accepting ownership of an additional section of the Eastside Cemetery. The Community Redevelopment funds completed improvements to downtown lighting along festival park.

Stormwater improvements

The replacement of two Stormwater drainage wells in the area of US129 and Hillman Avenue was substantially completed at the close of fiscal year 2022. This was a FDOT Transportation Alternative Project federally funded grant.

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

Future Projects

- Repaving of Palm Street was completed early in 2023 the project was be funded by Infrastructure and Community Redevelopment funds.
- Economic growth is expected to continue at the 129N/I10 interchange, to accommodate this growth plans are being considered to rehabilitate and expand lift station and sewer flow in that area.
- State of Florida Department of Transportation has awarded the 3rd and 4th funding of TAP funds for additional stormwater drainage wells to help control storm water run off along US129 or US90. The RFP for design build firms has been issued and we anticipate the ability to get the project under contract in the next several months.
- Efforts continue to be planned for a new restroom and kitchen facility at John Hale Park which will be funded by a donation from Pilgrims Pride.
- Local grant funds have been awarded by SRWMD for the rehabilitation for Irvin, Houston, and Haines stormwater drainage wells.

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.



Larry C. Sessions, Interim City Manager



Joanne M. Luther, Finance Director



CITY OF LIVE OAK, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2022

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and Cash Equivalents	\$ 15,803,623	\$ 2,802,583	\$ 18,606,206
Receivables, Net of Allowance for Uncollectible Accounts	225,156	941,248	1,166,404
Internal Balances	-	80,474	80,474
Due from Other Governments	304,227	270,004	574,231
Prepaid Items	91,113	116,460	207,573
Noncurrent Restricted Cash	-	1,598,558	1,598,558
Capital Assets:			
Land, Improvements, and Construction in Progress	1,898,449	1,945,311	3,843,760
Other Capital Assets, Net of Depreciation	11,703,239	49,452,828	61,156,067
Right-To-Use Assets Under Leases, Net of Amortization	30,119	1,814	31,933
Total Assets	30,055,926	57,209,280	87,265,206
Total Deferred Outflows of Resources	1,622,102	36,147	1,658,249
Liabilities			
Accounts Payable and Other Accrued Liabilities	344,046	476,362	820,408
Unearned Revenue	3,595,535	-	3,595,535
Internal Balances	-	80,474	80,474
Restricted Fund Liabilities:			
Customer Deposits	-	717,475	717,475
Notes, Leases, and Other Payables:			
Accrued Interest Payable	-	41,977	41,977
Due or payable Within One Year	10,424	817,316	827,740
Due or Payable in More Than One Year	14,003	9,698,817	9,712,820
Compensated Absences	172,110	282	172,392
Net Pension Liability	5,094,238	134,629	5,228,867
OPEB Liability	314,666	20,085	334,751
Total Liabilities	9,545,022	11,987,417	21,532,439
Total Deferred Inflows of Resources	900,836	20,215	921,051
Net Position			
Net Investment in Capital Assets	13,631,807	41,155,770	54,787,577
Restricted for:			
Prepaid Items	4,350	-	4,350
Law Enforcement	13,584	-	13,584
Recreation	100,000	-	100,000
Community Redevelopment	1,410,470	-	1,410,470
Capital Improvements	5,542,044	673,673	6,215,717
Road Improvements	669,896	-	669,896
Debt Service	-	207,410	207,410
Unrestricted	(139,981)	3,200,942	3,060,961
Total Net Position	\$ 21,232,170	\$ 45,237,795	\$ 66,469,965

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, 2022

	<u>Program Revenue</u>				<u>Net (Expense) Revenue and Changes in Net Position</u>		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Government Activities							
General Government	\$ 1,787,899	\$ 126,875	\$ -	\$ -	\$ (1,661,024)	\$ -	\$ (1,661,024)
Public Safety	3,023,874	170,470	53,053	120,706	(2,679,645)	-	(2,679,645)
Transportation	1,122,100	175,921	-	216,093	(730,086)	-	(730,086)
Physical Environment	454,695	-	-	-	(454,695)	-	(454,695)
Human Services/Health	120,455	-	9,811	-	(110,644)	-	(110,644)
Economic Environment	98,550	-	-	-	(98,550)	-	(98,550)
Culture/Recreation	387,629	-	-	6,988	(380,641)	-	(380,641)
Total Governmental	\$ 6,995,202	\$ 473,266	\$ 62,864	\$ 343,787	(6,115,285)	-	(6,115,285)
Business-type Activities							
Water and Sewer Utility	4,714,555	5,599,325	-	-	-	884,770	884,770
Stormwater	132,894	123,669	-	269,091	-	259,866	259,866
Gas Utility	1,009,562	1,203,438	-	23,492	-	217,368	217,368
Sanitation	902,515	1,435,901	-	-	-	533,386	533,386
Total Business-type	\$ 6,759,526	\$ 8,362,333	\$ -	\$ 292,583	-	1,895,390	1,895,390
Total Governmental and Business-type Activities	\$ 13,754,728	\$ 8,835,599	\$ 62,864	\$ 636,370	(6,115,285)	1,895,390	(4,219,895)
General Revenues and Transfers							
Property Taxes, Levied for General Purposes					2,391,225	-	2,391,225
Property Taxes, Levied for Tax Increment District					276,532	-	276,532
Fire Assessment Fee					382,394	-	382,394
Sales Taxes					1,454,492	-	1,454,492
Local Option Gas Tax					417,277	-	417,277
Franchise Taxes					819,035	-	819,035
Utility Taxes					694,399	255,508	949,907
State Revenue Sharing					314,925	-	314,925
Other Intergovernmental Revenues					116,849	-	116,849
Investment Earnings					35,409	7,601	43,010
Gain on Disposal of Fixed Assets					89,365	1,577	90,942
Rental Space					57,043	-	57,043
Miscellaneous Revenue					73,503	4,213	77,716
Transfers					1,277,896	(1,277,896)	-
Total General Revenues and Transfers					8,400,344	(1,008,997)	7,391,347
Changes in Net Position					2,285,059	886,393	3,171,452
Net Position, Beginning of Year					18,947,111	44,351,402	63,298,513
Net Position, Ending of Year					\$ 21,232,170	\$ 45,237,795	\$ 66,469,965

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

**CITY OF LIVE OAK, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2022**

	<u>General</u>	<u>Capital Projects</u>	<u>Community Redevelop- ment Tax Fund</u>	<u>American Rescue Plan</u>	<u>Non-major Funds</u>	<u>Total</u>
Assets						
Cash and Cash Equivalents	\$ 4,847,519	\$ 6,046,575	\$ 1,394,260	\$ 3,497,661	\$ 17,608	\$ 15,803,623
Accounts Receivable, Net	225,156	-	-	-	-	225,156
Due from Other Funds/Internal						
Balance	39,672	-	18,010	-	105,123	162,805
Due from Other Governments	104,899	159,656	-	-	39,672	304,227
Prepaid Items	86,763	-	4,350	-	-	91,113
Total Assets	<u>\$ 5,304,009</u>	<u>\$ 6,206,231</u>	<u>\$ 1,416,620</u>	<u>\$ 3,497,661</u>	<u>\$ 162,403</u>	<u>\$ 16,586,924</u>
Liabilities						
Accounts Payable and Other						
Current Liabilities	\$ 341,729	\$ -	\$ 1,800	\$ -	\$ 517	\$ 344,046
Due to Other Funds/Internal						
Balance	123,133	-	-	-	39,672	162,805
Unearned Revenue	94,953	-	-	3,491,952	8,630	3,595,535
Total Liabilities	<u>559,815</u>	<u>-</u>	<u>1,800</u>	<u>3,491,952</u>	<u>48,819</u>	<u>4,102,386</u>
Fund Balances						
Nonspendable:						
Prepaid Items	86,763	-	-	-	-	86,763
Restricted for:						
Law Enforcement	-	-	-	-	13,584	13,584
Community Redevelopment	-	-	1,414,820	-	-	1,414,820
Capital Improvements	-	5,536,335	-	5,709	-	5,542,044
Recreation	-	-	-	-	100,000	100,000
Road Improvements	-	669,896	-	-	-	669,896
Committed:						
Annual Leave Reserve	48,770	-	-	-	-	48,770
Unassigned, Reported in:						
General fund	4,608,661	-	-	-	-	4,608,661
Total Fund Balances	<u>4,744,194</u>	<u>6,206,231</u>	<u>1,414,820</u>	<u>5,709</u>	<u>113,584</u>	<u>12,484,538</u>
Total Liabilities and Fund Balances	<u>\$ 5,304,009</u>	<u>\$ 6,206,231</u>	<u>\$ 1,416,620</u>	<u>\$ 3,497,661</u>	<u>\$ 162,403</u>	<u>\$ 16,586,924</u>

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

CITY OF LIVE OAK, FLORIDA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2022

Total Fund Balances of Governmental Funds	\$ 12,484,538
 Accounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	13,631,807
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	1,622,102
Deferred Inflows of Resources	(900,836)
Net pension liability does not require the use of current financial resources and, therefore, is not reported as a liability in governmental funds.	(5,094,238)
 Long-term liabilities, including notes payable, are not due and payable in the current period and therefore are not reported in the funds. These liabilities consist of:	
Lease Copier Liability	(24,427)
Compensated Absences	(172,110)
Other Post Employment Benefit Liability	(314,666)
Net Position of Governmental Activities	\$ 21,232,170

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

CITY OF LIVE OAK, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	General	Capital Projects Funds	Community Redevelopment Tax	American Rescue Plan	Nonmajor Funds	Total
Revenues						
Taxes	\$ 4,267,794	\$ 1,429,087	\$ 276,532	\$ -	\$ -	\$ 5,973,413
Licenses and Permits	251,261	-	-	-	-	251,261
Intergovernmental	1,109,808	-	-	-	180,747	1,290,555
Charges for Services	207,776	-	-	-	-	207,776
Fines and Forfeitures	12,926	-	-	-	1,304	14,230
Tower Rental	57,043	-	-	-	-	57,043
Interest	10,726	15,750	3,224	5,709	-	35,409
Donations	-	-	-	-	9,811	9,811
Miscellaneous	162,868	-	-	-	-	162,868
Total Revenue	6,080,202	1,444,837	279,756	5,709	191,862	8,002,366
Expenditures						
General Government	1,712,249	-	143,595	-	-	1,855,844
Public Safety	3,081,679	-	-	-	180,747	3,262,426
Transportation	1,367,409	-	36,343	-	-	1,403,752
Physical Environment	197,846	-	-	-	-	197,846
Human Services	40,250	-	-	-	80,205	120,455
Economic Environment	4,660	-	93,890	-	-	98,550
Culture/Recreation	226,554	-	1,075	-	160,000	387,629
Total Expenditures	6,630,647	-	274,903	-	420,952	7,326,502
(Deficiency) Excess of Revenue (Under) Over Expenditures	(550,445)	1,444,837	4,853	5,709	(229,090)	675,864
Other Financing Sources (Uses):						
Transfers in	2,157,896	-	284,278	-	-	2,442,174
Transfers out	(284,278)	(880,000)	-	-	-	(1,164,278)
Total Other Financing Sources (Uses)	1,873,618	(880,000)	284,278	-	-	1,277,896
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	1,323,173	564,837	289,131	5,709	(229,090)	1,953,760
Fund Balances, Beginning of Year	3,421,021	5,641,394	1,125,689	-	342,674	10,530,778
Fund Balances, End of Year	\$4,744,194	\$ 6,206,231	\$ 1,414,820	\$ 5,709	\$ 113,584	\$ 12,484,538

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, 2022

Net Change in Fund Balances - Total Governmental Funds **\$ 1,953,760**

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 and amortization expenses for the current period:

Capital Outlay Expenditures	\$ 1,036,615	
Capital Asset Disposals and Transfers	(25,877)	
Depreciation and Amortization Expenses	<u>(790,111)</u>	220,627

The changes in net pension liability and pension related deferred outflows and inflows result in an adjustment to pension expense in the statement of activities, but not in the governmental fund statements 13,846

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 statement of 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 Leased Copier Liability		(24,427)
Change in Compensated Absences Liabilities		30,879
Change in OPEB Liability		<u>90,374</u>

Change in Net Position of Governmental Activities **\$ 2,285,059**

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

CITY OF LIVE OAK, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2022

Business-Type Activities-Enterprise Funds

	Water and Sewer Fund	Stormwater Fund	Gas Fund	Sanitation Fund	Total
Assets					
Current Assets:					
Cash and Cash Equivalents	\$ 1,964,662	\$ 1,745	\$ 100,607	\$ 735,569	\$ 2,802,583
Accounts Receivables, Net	624,281	11,109	144,143	161,715	941,248
Due from Other Governments	92,114	177,890	-	-	270,004
Due from Other Funds	80,474	-	-	-	80,474
Other Current Assets	113,460	-	-	3,000	116,460
Total Current Assets	2,874,991	190,744	244,750	900,284	4,210,769
Property and Equipment					
Land	1,578,657	22,927	600	-	1,602,184
Building and Improvements	68,474,823	1,570,914	1,448,207	-	71,493,944
Machinery and Equipment	1,085,412	88,348	239,574	595,965	2,009,299
Right-To-Use Assets Under Leases	1,814	-	-	-	1,814
Total Property and Equipment	71,140,706	1,682,189	1,688,381	595,965	75,107,241
Less Accumulated Depreciation	(22,237,922)	(748,290)	(830,565)	(233,444)	(24,050,221)
Less Accumulated Amortization on Right-To-Use Assets Under Leases	(194)	-	-	-	(194)
Construction Work in Progress	19,164	323,963	-	-	343,127
Net Property and Equipment	48,921,754	1,257,862	857,816	362,521	51,399,953
Noncurrent Restricted Cash	1,156,862	19,103	162,587	260,006	1,598,558
Total Assets	52,953,607	1,467,709	1,265,153	1,522,811	57,209,280
Total Deferred Outflows of Resources	-	-	-	36,147	36,147
Liabilities					
Current Liabilities:					
Accounts Payable	255,527	76,417	84,990	59,428	476,362
Due to Other Funds	-	80,474	-	-	80,474
Accrued Interest Payable	39,092	2,885	-	-	41,977
Current Portion of Notes and Leases Payable	781,723	35,593	-	-	817,316
Total Current Liabilities	1,076,342	195,369	84,990	59,428	1,416,129
Deposits	406,855	-	162,587	148,033	717,475
OPEB Liability	-	-	-	20,085	20,085
Compensated Absences	-	-	-	282	282
Notes and Leases Payable	9,428,300	270,517	-	-	9,698,817
Net Pension Liability	-	-	-	134,629	134,629
Total Liabilities	10,911,497	465,886	247,577	362,457	11,987,417
Total Deferred Inflows of Resources	-	-	-	20,215	20,215
Net Position					
Net Investment in Capital Assets	38,713,681	1,221,752	857,816	362,521	41,155,770
Restricted for Capital Replacement	561,700	-	-	111,973	673,673
Restricted for Debt Service	188,307	19,103	-	-	207,410
Unrestricted	2,578,422	(239,032)	159,760	701,792	3,200,942
Total Net Position	\$ 42,042,110	\$ 1,001,823	\$ 1,017,576	\$ 1,176,286	\$ 45,237,795

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

CITY OF LIVE OAK, FLORIDA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Business-type Activities-Enterprise Funds				Total
	Water and Sewer Fund	Stormwater Fund	Gas Fund	Sanitation Fund	
Operating Revenues					
Charges for Services	\$ 5,611,925	\$ 123,669	\$ 1,203,438	\$ 1,435,901	8,374,933
Operating Expenses					
Personnel Services	-	-	-	252,525	252,525
Cost of Sales	-	-	693,046	414,866	1,107,912
Materials and Supplies	360,655	1,421	21,944	120,607	504,627
Utilities	286,610	-	3,650	650	290,910
Taxes	-	-	17,104	-	17,104
Maintenance and Repairs	308,120	-	8,871	42,961	359,952
Depreciation	1,471,590	71,957	48,620	55,436	1,647,603
Insurance	90,170	2,675	4,192	15,470	112,507
Contractual Services	1,986,665	50,365	212,135	-	2,249,165
Total Operating Expenses	4,503,810	126,418	1,009,562	902,515	6,542,305
Operating Income (Loss)	1,108,115	(2,749)	193,876	533,386	1,832,628
Nonoperating Revenues (Expenses)					
Interest Earnings	5,178	8	312	2,103	7,601
Utility Tax	255,508	-	-	-	255,508
Gain on Disposal of Fixed Assets	1,577	-	-	-	1,577
Interest Expense	(210,745)	(6,476)	-	-	(217,221)
Other Revenues (Expenses)	(11,223)	-	(1,640)	4,476	(8,387)
Total Nonoperating Income (Expenses)	40,295	(6,468)	(1,328)	6,579	39,078
Income Before Other Revenues, Expenses, Gains, and, Transfers	1,148,410	(9,217)	192,548	539,965	1,871,706
Capital Contributions (Grants) and Transfers					
Capital Grants	-	269,091	23,492	-	292,583
Transfers out	(794,176)	(16,000)	(193,472)	(274,248)	(1,277,896)
Total Capital Contributions (Grants) and Transfers	(794,176)	253,091	(169,980)	(274,248)	(985,313)
Increase (Decrease) in Net Position	354,234	243,874	22,568	265,717	886,393
Net Position, Beginning of Year	41,687,876	757,949	995,008	910,569	44,351,402
Net Position, End of Year	\$ 42,042,110	\$ 1,001,823	\$ 1,017,576	\$ 1,176,286	\$ 45,237,795

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

CITY OF LIVE OAK, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

Business-type Activities-Enterprise Funds

	Water and Sewer Fund	Stormwater Fund	Gas Fund	Sanitation Fund	Total
Cash Flows From Operating Activities					
Cash Received from Customers	\$ 5,580,622	\$ 122,824	\$ 1,197,578	\$ 1,438,488	\$ 8,339,512
Cash Paid to Suppliers	(3,009,235)	(56,455)	(933,360)	(568,042)	(4,567,092)
Cash Payments to Employees for Services	-	-	-	(258,275)	(258,275)
Net Cash Provided by Operating Activities	<u>2,571,387</u>	<u>66,369</u>	<u>264,218</u>	<u>612,171</u>	<u>3,514,145</u>
Cash Flows From Noncapital and Related Financing Activities					
Utility Taxes	255,508	-	-	-	255,508
Due from Other Funds	(80,474)	80,474	3,594	-	3,594
Miscellaneous	(11,223)	-	(1,640)	4,476	(8,387)
Operating Transfers Out	(794,176)	(16,000)	(193,472)	(274,248)	(1,277,896)
Net Cash (Used for) Provided by Noncapital and Related Financing Activities	<u>(630,365)</u>	<u>64,474</u>	<u>(191,518)</u>	<u>(269,772)</u>	<u>(1,027,181)</u>
Cash Flows From Capital and Related Financing Activities					
Acquisition and Construction of Capital Assets	(191,348)	(249,464)	(25,961)	-	(466,773)
Principal Paid on Capital Debt	(789,311)	(34,875)	-	-	(824,186)
Interest Paid on Capital Debt	(210,745)	(6,476)	-	-	(217,221)
Capital Grants and Contributions	-	91,201	23,492	-	114,693
Net Cash (Used In) Capital and Related Financing Activities	<u>(1,191,404)</u>	<u>(199,614)</u>	<u>(2,469)</u>	<u>-</u>	<u>(1,393,487)</u>
Cash Flows From Investing Activities					
Interest Received	5,178	8	312	2,103	7,601
Net Cash Provided By for Investing Activities	<u>5,178</u>	<u>8</u>	<u>312</u>	<u>2,103</u>	<u>7,601</u>
Net Increase (Decrease) in Cash and Cash Equivalents	754,796	(68,763)	70,543	344,502	1,101,078
Cash and Cash Equivalents, Beginning of Year	<u>2,366,728</u>	<u>89,611</u>	<u>192,591</u>	<u>651,073</u>	<u>3,300,003</u>
Cash and Cash Equivalents, End of Year	<u>\$ 3,121,524</u>	<u>\$ 20,848</u>	<u>\$ 263,134</u>	<u>\$ 995,575</u>	<u>\$ 4,401,081</u>
As presented on the accompanying statement of net position:					
Cash and cash equivalents	1,964,662	1,745	100,607	735,569	2,802,583
Non-current restricted cash	1,156,862	19,103	162,587	260,006	1,598,558
	<u>3,121,524</u>	<u>20,848</u>	<u>263,194</u>	<u>995,575</u>	<u>4,401,141</u>

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

CITY OF LIVE OAK, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022
(Concluded)

	Business-type Activities - Enterprise Funds				
	Water and Sewer Fund	Stormwater Fund	Gas Fund	Sanitation Fund	Total
<u>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</u>					
Operating Income (Loss)	\$ 1,108,115	\$ (2,749)	\$ 193,876	\$ 533,386	\$ 1,832,628
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:					
Depreciation	1,471,590	71,957	48,620	55,436	1,647,603
Decrease (Increase) in Assets:					
Accounts Receivable	(72,179)	(845)	(18,875)	(17,455)	(109,354)
Prepaid	(91,460)	-	-	(3,000)	(94,460)
Increase (Decrease) in Liabilities:					
Accounts Payable	114,445	(1,994)	27,582	29,512	169,545
Customer Deposits	40,876	-	13,015	20,042	73,933
Other Postemployment Benefits and Related Deferred InFlows and Outflows	-	-	-	(5,194)	(5,194)
Net Pension Liability and Pension Related Deferred Inflows and Outflows	-	-	-	(556)	(556)
Net Cash Provided by Operating Activities	<u>\$ 2,571,387</u>	<u>\$ 66,369</u>	<u>\$ 264,218</u>	<u>\$ 612,171</u>	<u>\$ 3,514,145</u>

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

CITY OF LIVE OAK, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUND
SEPTEMBER 30, 2022

Assets:		
Accrued interest	\$	2,291
Other Receivable		533
		<u>2,824</u>
Investments, at fair value		
Money Market funds		33,127
U.S. Treasury notes/Gov't bonds		352,954
Corporate bonds		181,902
Common stocks and equity securities		826,007
Total investments		<u>1,393,990</u>
Total Assets		<u>1,396,814</u>
 Net Position		
Net Position Restricted for Pensions		<u><u>\$ 1,396,814</u></u>

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

CITY OF LIVE OAK, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - FIDUCIARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2022

Additions:	
Contributions from:	
City	\$ 60,869
Total contributions	<u>60,869</u>
Investment income:	
Net increase (decrease) in fair value of investments	(302,259)
Interest and Dividend earnings	28,010
Less Investment Expense	(7,986)
Total investment income	<u>(282,235)</u>
Total additions	<u>(221,366)</u>
Deductions:	
Benefit payments	176,504
Administrative expenses	15,940
Total deductions	<u>192,444</u>
Net increase (decrease)	(413,810)
Net Position, Beginning of Year	<u>1,810,624</u>
Net Position, End of year	<u>\$ 1,396,814</u>

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



NOTES TO THE FINANCIAL STATEMENTS

CITY OF LIVE OAK, FLORIDA
Notes to the financial statements
September 30, 2022

Note 1 – Summary of Significant Accounting Policies

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

A. Reporting Entity

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

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

B. Government-Wide and Fund Financial Statements

The government-wide financial statements, comprising 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, 2022

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, 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.

CITY OF LIVE OAK, FLORIDA
Notes to the financial statements
September 30, 2022

Note 1 – Summary of Significant Accounting Policies – continued

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

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.

American Rescue Plan Act Fund – Coronavirus Local Fiscal Recovery Funds are governed by the CSLFRF final rule. The City choose to report its Federal ARPA funds under the “revenue loss” category for reporting purposes. The majority of the ARPA funds will be utilized to improve and rehabilitate Water, Sewer, and Stormwater facilities.

The City reports the following major proprietary funds:

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

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

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

CITY OF LIVE OAK, FLORIDA
Notes to the financial statements
September 30, 2022

Note 1 – Summary of Significant Accounting Policies – continued

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

Sanitation Fund – The Sanitation Fund provides the city 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 Local Government Fund, Special Projects Fund, Victim’s Advocate Fund, Public Safety Fund, and the State Grant Fund.

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

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

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

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.

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

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

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

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

CITY OF LIVE OAK, FLORIDA
Notes to the financial statements
September 30, 2022

Note 1 – Summary of Significant Accounting Policies – continued

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

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

Inventories and Prepaid Items

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

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

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 an asset’s initial cost to be \$1,000 or greater before it is capitalized. All infrastructure asset costs must also exceed \$1,000 or more before the assets are capitalized. Such assets are recorded at historical cost or estimated historical cost, if purchased or constructed. Contributed assets are recorded at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are only capitalized if they meet the dollar threshold above for capitalization.

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

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

CITY OF LIVE OAK, FLORIDA
Notes to the financial statements
September 30, 2022

Note 1 – Summary of Significant Accounting Policies – continued

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

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 assets 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

Adoption of GASB Statement No. 87

The GASB issued Statement No. 87, *Leases* (GASB 87) in June of 2017. This statement is effective for the current fiscal year ended September 30, 2022. The City reviewed the provisions of GASB 87 and compiled an inventory of agreements that would potentially be impacted by the implementation of this statement. An evaluation of each agreement was made, based on materiality to the City’s financial statements. Based on this evaluation, the impact of the provisions of GASB 87 to the City was deemed not significant for agreements in which the City acts as lessor but was considered to be significant for agreements in which the city acts as lessee. All agreements were evaluated as of the implementation date of October 1, 2021. As such, no restatement of prior period balances related to affected agreements was required. See Note 14 for a description of the City’s applicable lease agreements.

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 employees’ payroll costs paid subsequent to year-end, which 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 if due and payable within one fiscal year of the financial statement date. The remainder of the liability for compensated absences payable beyond the current period is recorded as a long-term liability. In fiscal year 2010-2011, the City modified the compensated absences program. The program is now referred to as Paid Time Off (PTO). This change was made to limit the liability to the City. There is no distinction between sick and vacation leave, but the maximum accrual to be paid upon leaving the City’s employ has been reduced to no more than 1 year’s total accrual. All time accumulated under the Sick and Vacation time will be paid out when the employee terminates employment with the City if not utilized after PTO balances are utilized. Regular full-time City employees receive personal 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, 2022

Note 1 – Summary of Significant Accounting Policies – continued

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

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.

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 a 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:

CITY OF LIVE OAK, FLORIDA
Notes to the financial statements
September 30, 2022

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

Following the governmental fund statement of revenues, expenditures, and changes in fund balances, there is a 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. All appropriations lapse at the close of the fiscal year.

The budgets for governmental funds that were adopted during the year by the City Council were prepared using the modified accrual basis of accounting in accordance with generally accepted accounting principles. The general, special revenue, community redevelopment tax and capital projects funds have legally adopted budgets. The American Rescue Plan Act Fund is a new fund for the year under audit. As funding received was not planned funding, and no expenditures were expected to occur or did occur in this fund during the fiscal year ended September 30, 2022, no budget was legally required to be prepared or adopted for this fund.

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

CITY OF LIVE OAK, FLORIDA
Notes to the financial statements
September 30, 2022

Note 4 – Property Tax Calendar

Under Florida law, the assessment of all properties and the collection of all county, municipal and school district property taxes are consolidated in the offices of the County Property Appraiser and County Tax Collector. The laws of the state regulating tax assessment are also designed to assure a consistent property valuation method statewide. State Statutes permit municipalities to levy property taxes at a rate of up to 10 mills. This millage rate assessed by the City was 9.2521 mills for the year ended September 30, 2022.

The property tax calendar is as follows:

Valuation Date January 1, 2021

Property appraiser prepares the assessment roll with values as of January 1, 2021, submits preliminary roll for approval by the State and notifies each taxing authority of their respective valuations. July 1, 2021

City Council holds two required public hearings and adopts a budget and ad valorem tax millage rate for the coming fiscal year. September, 2021

Property appraiser certified the assessment roll and all real and tangible personal property taxes are due and payable (Levy date). November 1, 2021

A Notice of Taxes is mailed to each property owner on the assessment roll. Taxes are paid November 2021 through March 2022, with the following applicable discounts: November 1, 2021

<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, 2022

A list of unpaid tangible personal property taxes and a list of unpaid real property taxes are advertised. April/May 2022

Tax certificates are sold on all real estate parcels with unpaid real property taxes (Lien date). May/June 2022

A court order is obtained authorizing the seizure and sale of personal property if the taxpayer fails to pay the delinquent taxes. September 10, 2022

CITY OF LIVE OAK, FLORIDA
Notes to the financial statements
September 30, 2022

NOTE 5 – Cash Deposits and Investments

Deposits

	Carrying Amount	Bank Balance
Insured (1)	\$ 20,203,689	\$ 20,433,272
Uninsured:		
Uncollateralized (2)	33,127	33,127
Cash Funds	1,075	-
Total Deposits	<u>20,237,891</u>	<u>20,466,399</u>

Investments

	Fair Value	Maturities	Credit Rating
Pension Fund investments held by trustee:			
Common stock listed on ASE, NYSE, and NASDAQ	826,007	N/A	N/A
U.S. Government bonds	352,954	N/A	N/A
Corporate bonds	8,446	10 years or less	AA2/AA
Corporate bonds	11,764	8 years or less	A3/A-
Corporate bonds	8,569	8 years or less	A2/A
Corporate bonds	8,499	7 years or less	A2/A
Corporate bonds	5,015	7 years or less	A2/A
Corporate bonds	8,270	6 years or less	A1/A+
Corporate bonds	8,437	5 years or less	A2/A
Corporate bonds	7,806	5 years or less	AA3/A+
Corporate bonds	2,761	5 years or less	A1/AA-
Corporate bonds	7,551	5 years or less	A1/A+
Corporate bonds	10,472	4 years or less	A2/A-
Corporate bonds	13,079	4 years or less	A2/A
Corporate bonds	3,776	4 years or less	A3/A-
Corporate bonds	6,625	4 years or less	A1/A
Corporate bonds	8,716	3 years or less	A1/A-
Corporate bonds	14,801	2 years or less	AA3/AA-
Corporate bonds	11,776	2 years or less	AAA/AAA
Corporate bonds	5,907	2 years or less	A3/A-
Corporate bonds	14,709	1 years or less	A1/A
Corporate bonds	14,923	1 years or less	A2/A+
Total fair value	<u>\$ 1,360,863</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	\$ 20,237,891	
Carrying value of investments	<u>1,360,863</u>	
Total per note detail		<u>\$ 21,598,754</u>
Cash and Cash equivalents	\$ 18,606,206	
Restricted cash and cash equivalents	1,598,558	
Fiduciary fund cash and investments	<u>1,393,990</u>	
Total reported in statement of net position and statement of fiduciary net position		<u>\$ 21,598,754</u>

CITY OF LIVE OAK, FLORIDA
Notes to the financial statements
September 30, 2022

Note 5 – Cash Deposits and Investments – continued

Investment Policy

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

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

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

Equities

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

Fixed Income

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

Risk Disclosures

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

Interest Rate Risk

In accordance with the provisions of the state statutes governing allowable investments, the City manages its exposure to the declines in interest rates by limiting the maturity of specific investments to provide sufficient liquidity to pay obligations as they come due. The pension plan investment policy does not have any restrictions as to the maturity or duration of fixed income securities.

CITY OF LIVE OAK, FLORIDA
Notes to the financial statements
September 30, 2022

Note 5 – Cash Deposits and Investments – continued

Credit Quality Risk

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

Investments of the Pension Trust Fund – The Substitute Fire Pension Board has the authority to guide the trustees on the investment plan for the Fire pension funds. The Board’s investment policy states that all fixed income securities must hold a rating of one of the three highest classifications by a major rating service. Securities ratings that are reduced beneath the three highest classifications after purchase should be sold by the portfolio manager within a reasonable period of time as determined by the manager. As of September 30, 2022 the City's investments in corporate bonds, held by trustees of the Substitute Firefighters Pension Trust Fund, were rated from A3 to AA2 by Standard & Poor's and rated by Moody's Investors Service from AA to A-, in the amounts as indicated above.

Concentration of Credit Risk

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

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

Custodial Credit Risk

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

CITY OF LIVE OAK, FLORIDA
Notes to the financial statements
September 30, 2022

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 \$1,360,863 held in street name in the form of stock, corporate bonds, and U. S. Government bonds through a financial brokerage firm and are uninsured and unregistered.

Fair Value Measurements

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

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

The City’s investments are measured at fair value on a recurring basis. Fair value measurements are categorized based on the valuation inputs used to measure an asset’s fair value in the hierarchy described above. The fair value measurements for the City’s pension investments are as follows at September 30, 2022:

Investments by Fair Value Level	Amount	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money Market Funds	\$ 33,127	\$ 33,127	\$ -	\$ -
U.S. Bonds & Bills	352,954	352,954	-	-
Common Stocks/Equity	826,007	826,007	-	-
Corporate Bonds	181,902	-	181,902	-
Total Investments by Fair Value Level	\$ 1,393,990	\$ 1,212,088	\$ 181,902	\$ -

Note: As of September 30, 2022, the City had accrued interest receivable related to investments of \$2,291.

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

CITY OF LIVE OAK, FLORIDA
Notes to the financial statements
September 30, 2022

Note 6 – Restricted Assets

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

A summary of restricted assets of the City, at September 30, 2022, is as follows:

Business-type Activities:

	Water and Sewer Utility Fund	Stormwater Fund	Gas Fund	Sanitation Fund	Total
Checking Account	1,156,862	19,103	162,587	260,006	1,598,558
	<u>\$ 1,156,862</u>	<u>\$ 19,103</u>	<u>\$ 162,587</u>	<u>\$ 260,006</u>	<u>\$ 1,598,558</u>

Note 7 – Accounts Receivable

The City's accounts receivable at September 30, 2022 consists of the following:

Governmental Activities:

General Fund:

Delinquent taxes receivable	\$ 3,693
Accounts receivable	237,463
Less allowance for doubtful accounts	(16,000)
Total governmental activities accounts receivable, net	<u>\$ 225,156</u>

Business-type Activities:

Enterprise Funds:

Water and Sewer Utility	
Accounts receivable	\$ 838,872
Less allowance for doubtful accounts	(214,591)
Stormwater Utility Fund:	
Accounts receivable	18,109
Less allowance for doubtful accounts	(7,000)
Gas Utility Fund:	
Accounts receivable	190,327
Less allowance for doubtful accounts	(46,184)
Sanitation Fund:	
Accounts receivable	244,082
Less allowance for doubtful accounts	(82,367)
Total business-type activities accounts receivable, net	<u>\$ 941,248</u>

CITY OF LIVE OAK, FLORIDA
Notes to the financial statements
September 30, 2022

Note 8 – Due from Other Governments

The City's due from other governments at September 30, 2022 consists of the following:

Governmental Activities		
Suwannee County	\$	2,553
Other Local Government-Housing Authority		19,259
State of Florida, Department of Revenue		242,728
State of Florida, Department of Transportation		4,038
State of Florida, Department of Legal Affairs		8,004
State of Florida, Department of Law Enforcement		20,657
Florida Department of Recreation and Parks		6,988
		\$ 304,227
Business-type Activities		
State of Florida, Department of Corrections	\$	92,114
State of Florida, Department of Transportation		177,890
		\$ 270,004

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, 2022, comprise the following:

Fund	Interfund Receivables	Interfund Payables
Internal balances - due to/from other funds:		
General Fund	39,672	123,133
Special Revenue Funds:		
Local Government Fund	105,123	-
State Grant Fund		6,988
Special Projects	-	24,680
Victim's Advocate Fund	-	8,004
Community Redevelopment Tax Fund	18,010	-
Enterprise Funds:		
Water and Sewer Fund	80,474	-
Stormwater Fund	-	80,474
Totals	\$ 243,279	\$ 243,279

CITY OF LIVE OAK, FLORIDA
Notes to the financial statements
September 30, 2022

Note 9 – Interfund Balances and Transfers -continued

Transfers occur to reclassify revenues from funds to finance various programs, provide grant matching funds, or to subsidize operations that the City must account for in other funds in accordance with budgetary authorizations. During the fiscal year ended September 30, 2022 the City made the following transfers:

	Operating Transfers In	Operating Transfers Out
General Fund	\$ 2,157,896	\$ 284,278
Capital Projects Funds	-	880,000
Community Redevelopment Tax Fund	284,278	-
Enterprise Funds:		
Water and Sewer Utility Fund	-	794,176
Stormwater Fund	-	16,000
Gas Fund	-	193,472
Sanitation Fund	-	274,248
Totals	\$ 2,442,174	\$ 2,442,174

Note 10 - Capital Assets

Capital asset activity for the year ended September 30, 2022, was as follows:

	Beginning Balance 10/1/2021	Additions	Deletions/ Transfers	Ending Balance 9/30/2022
Governmental Activities				
Capital Assets Not Being Depreciated:				
Land	\$ 1,823,159	\$ 38,580	\$ (8,476)	\$ 1,853,263
Construction in Progress	789,255	45,186	(789,255)	45,186
Total Capital Assets Not Being Depreciated	2,612,414	83,766	(797,731)	1,898,449
Capital Assets Being Depreciated or Amortized:				
Buildings	4,318,777	17,265	-	4,336,042
Improvements Other Than Buildings	2,231,061	-	-	2,231,061
Machinery and Equipment	4,547,945	617,939	(684,518)	4,481,366
Right-To-Use Assets under lease	-	33,334	-	33,334
Infrastructure	8,544,688	284,311	789,255	9,618,254
Total Capital Assets Being Depreciated or Amortized	19,642,471	952,849	104,737	20,700,057
Less Accumulated Depreciation and Amortization:				
Buildings	(1,743,361)	(119,892)	-	(1,863,253)
Improvements Other Than Buildings	(1,280,567)	(90,096)	-	(1,370,663)
Machinery and Equipment	(3,425,962)	(226,302)	667,117	(2,985,147)
Right-To-Use Assets under lease	-	(3,215)	-	(3,215)
Infrastructure	(2,393,815)	(350,606)	-	(2,744,421)
Total Accumulated Depreciation and Amortization	(8,843,705)	(790,111)	667,117	(8,966,699)
Total Capital Assets Being Depreciated or Amortized, Net	10,798,766	162,738	771,854	11,733,358
Governmental Activities Capital Assets Net	\$ 13,411,180	\$ 246,504	\$ (25,877)	\$ 13,631,807

CITY OF LIVE OAK, FLORIDA
Notes to the financial statements
September 30, 2022

Note 10 – Capital Assets - continued

	Beginning Balance 10/1/2021	Additions	Deletions/ Transfers	Ending Balance 9/30/2022
Business-type Activities				
Capital Assets Not Being Depreciated:				
Land	\$ 1,602,184	\$ -	\$ -	\$ 1,602,184
Construction in Progress	-	343,127	-	343,127
Total Capital Assets Not Being Depreciated	<u>1,602,184</u>	<u>343,127</u>	<u>-</u>	<u>1,945,311</u>
Capital Assets Being Depreciated or Amortized:				
Buildings	1,193,402	5,963	-	1,199,365
Wastewater Treatment Plant	24,235,343	-	-	24,235,343
Improvement Other than Buildings	46,013,680	45,556	-	46,059,236
Machinery and Equipment	2,161,673	146,328	(298,703)	2,009,298
Right-To-Use Assets under lease	-	1,814	-	1,814
Total Capital Assets Being Depreciated or Amortized	<u>73,604,098</u>	<u>199,661</u>	<u>(298,703)</u>	<u>73,505,056</u>
Less Accumulated Depreciation and Amortization:				
Buildings	(363,044)	(21,151)	-	(384,195)
Wastewater Treatment Plant	(6,185,236)	(490,651)	-	(6,675,887)
Improvement Other than Buildings	(14,802,179)	(1,007,150)	-	(15,809,329)
Machinery and Equipment	(1,351,055)	(128,457)	298,703	(1,180,809)
Right-To-Use Assets under lease	-	(194)	-	(194)
Total Accumulated Depreciation and Amortization	<u>(22,701,514)</u>	<u>(1,647,603)</u>	<u>298,703</u>	<u>(24,050,414)</u>
Total Capital Assets Being Depreciated or Amortized, Net	<u>50,902,584</u>	<u>(1,447,942)</u>	<u>-</u>	<u>49,454,642</u>
Total Business-type Activities				
Capital Assets, Net	<u>\$ 52,504,768</u>	<u>\$ (1,104,815)</u>	<u>-</u>	<u>\$ 51,399,953</u>

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

Governmental Activities	
General Government	103,602
Physical Environment	161,462
Public Safety	164,418
Transportation	360,629
Total Depreciation and Amortization Expense - Governmental Activities	<u>790,111</u>
Business-type Activities	
Water Utility	1,471,590
Storm Utility	71,957
Gas Utility	48,620
Sanitation	55,436
Total Depreciation and Amortization Expense - Business-type Activities	<u>1,647,603</u>

CITY OF LIVE OAK, FLORIDA
Notes to the financial statements
September 30, 2022

Note 11 – Long-term Debt

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

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

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

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

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

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

The City also borrowed \$13,157,760 for the Wastewater Treatment Plant Phase II (Project 662111), dated March 27, 2009. Terms of this borrowing at 2.30%. The loan was re-amortized for an additional 10 years on April 20, 2021. It requires semi-annual payments of \$219,374.52 due on January 15th and July 15th through July 15, 2040. 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, 2022

Note 11 – Long-term Debt- continued

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

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

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

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

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

Pledged Revenue

Pledged revenues on the City’s outstanding debt for the year ended September 30, 2022, were as follows:

Description of Notes	Pledged Revenue	Net Revenue Received	Principal and Interest Paid	Estimated Percentage Pledged	Outstanding Principal and Interest	Pledged Through
Projects 662110, 662111, 610200, 610220, 610201, 610210, 610211, 66206P, 662080	Net Water & Sewer Revenues	2,579,705	1,005,095	38.96%	11,786,139	2040
Projects 66207P and 662070	Net Stormwater Revenues	69,208	41,679	60.22%	333,423	2030

CITY OF LIVE OAK, FLORIDA
Notes to the financial statements
September 30, 2022

Note 11 – Long-term Debt – continued

Changes in long-term liabilities

Long-term liability activity for the year ended September 30, 2022, was as follows:

	Balances 10/1/21	Additions	Reductions	Balances 9/30/22	Due Within One Year
Governmental activities:					
Compensated absences	\$ 202,989	\$ -	\$ (30,879)	\$ 172,110	\$ 88,534
OPEB liability	405,040	-	(90,374)	314,666	-
Copiers Lease	33,333	-	(8,906)	24,427	10,424
Net Pension Liability -					
Florida Retirement	1,871,940	2,791,469	-	4,663,409	-
Firefighters Plan	69,099	361,730	-	430,829	-
Governmental activity					
Long-term liabilities	<u>\$ 2,582,401</u>	<u>\$ 3,153,199</u>	<u>\$ (130,159)</u>	<u>\$ 5,605,441</u>	<u>\$ 98,958</u>
Business-type activities:					
Notes payable - DEP*	11,340,319	-	(826,137)	10,514,182	816,930
Copiers Lease	-	2,008	(57)	1,951	386
OPEB liability	25,561	-	(5,476)	20,085	-
Compensated absences	-	282	-	282	282
Net Pension Liability FRS	53,330	81,299	-	134,629	-
Business-type activity					
Long-term liabilities	<u>\$ 11,419,210</u>	<u>\$ 83,589</u>	<u>\$ (831,670)</u>	<u>\$ 10,671,129</u>	<u>\$ 817,598</u>

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

Long-term debt – future requirements

Debt service requirements for all notes payable as of September 30, 2022, are as follows:

	Business-type Activities	
	Note Payable - DEP	
	Principal	Interest
2023	816,930	204,646
2024	833,168	188,476
2025	849,671	171,973
2026	866,506	155,138
2027	883,678	137,966
2028-2032	3,057,386	469,044
2033-2037	1,959,970	233,755
2038-2040	1,246,873	44,382
	<u>\$ 10,514,182</u>	<u>\$ 1,605,380</u>

CITY OF LIVE OAK, FLORIDA
Notes to the financial statements
September 30, 2022

Note 12 – Employees’ Pension Plans

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

Plan Description

Plan Administration

The Plan is a single-employer defined benefit pension plan. The general administration and responsibility for the proper operation of the Plan and for making effective the provisions of Ordinance 1274 are hereby vested in a Board of Trustees consisting of five (5) persons as follows:

1. Two (2) residents of the City, recommended by the Mayor and appointed by the City Council;
2. Two (2) active or retired Firefighters/plan members elected by a majority of the active and retired Firefighters who are members of this Plan; and
3. A fifth Trustee to be selected by the other four Trustees and appointed as a ministerial act by the City Council. Active members of this Plan shall include any Firefighter who was an active Member of the Predecessor Plan on the date the Predecessor Plan was terminated, including all Members receiving benefits on that termination date.

Plan Membership as of October 1, 2020:

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

Benefits Provided

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

A summary of the benefit provisions can be found in the October 1, 2020 Actuarial Valuation Report for the City of Live Oak Firefighters’ Substitute Pension Trust Fund prepared by Foster & Foster Actuaries and Consultants.

Contributions

Member Contributions: 3.0% of Compensation.

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

Investments

Investment Policy:

The following was the Board’s adopted asset allocation policy as of September 30, 2022:

Asset Class	Target Allocation
Domestic Equity	55.00%
International Equity	10.00%
Fixed Income	<u>35.00%</u>
Total	<u><u>100%</u></u>

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.

CITY OF LIVE OAK, FLORIDA
Notes to the financial statements
September 30, 2022

Note 12 – Employees’ Pension Plans – continued

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

Rate of Return:

For the year ended September 30, 2022, the annual money-weighted rate of return of Pension Plan investments, net of Pension Plan investment expense, was -16.58 percent.

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

The components of the Net Pension Liability of the Sponsor on September 30, 2022 were as follows:

Total Pension Liability	\$	1,827,641
Plan Fiduciary Net Position		(1,396,812)
Sponsor's Net Pension Liability	\$	<u>430,829</u>
Plan Fiduciary Net Position as a percentage of Total Pension Liability		<u>76.43%</u>

Actuarial Assumptions:

The Total Pension Liability was determined by an actuarial valuation as of October 1 2020, updated to September 30, 2022 using the following actuarial assumptions:

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

Mortality Rate Healthy Retiree:

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

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

Mortality Rate Beneficiary Lives:

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

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

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

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

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

The Long-Term Expected Rate of Return on Pension Plan investments can be determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of Pension Plan investment expenses and inflation) are developed for each major asset class.

CITY OF LIVE OAK, FLORIDA
Notes to the financial statements
September 30, 2022

Note 12 – Employees’ Pension Plans – continued

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

For 2022 the inflation rate assumption of the investment advisor was 2.30%. These ranges are combined to produce the Long Term Expected Rate of Return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of geometric real rates of return for each major asset class included in the Pension Plan’s target asset allocation as of September 30, 2022 are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Domestic Equity	55.00%	5.84%
International Equity	10.00%	4.64%
Fixed Income	35.00%	1.31%
Total	100%	

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

Discount Rate:

The discount rate used to measure the total pension liability was 6.75 percent.

The projection of cash flows used to determine the Discount Rate assumed that Plan Member contributions will be made at the current contributions rate and that Sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the Member rate. Based on those assumptions, the Pension Plan’s Fiduciary Net Position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the Long-Term Expected Rate of Return on Pension Plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

	1% Decrease 5.75%	Current Discount Rate 6.75%	1% Increase 7.75%
Sponsor's Net Pension Liability	\$640,415	\$430,829	\$345,940

CITY OF LIVE OAK, FLORIDA
Notes to the financial statements
September 30, 2022

Note 12 – Employees’ Pension Plans – continued

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

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension	Plan Fiduciary Net	Net Pension
	Liability	Position	Liability
	(a)	(b)	(a)-(b)
Balance at September 30, 2021	\$ 1,879,723	\$ 1,810,624	\$ 69,099
Interest	124,424		12,424
Contributions - Employer	-	60,869	(60,869)
Net Investment Income	-	(290,189)	290,189
Benefit Payments, Including	(176,506)	(176,506)	\$ -
Administrative Expense	-	(7,986)	7,986
Net Changes	(52,082)	(413,812)	361,730
Balance at September 30, 2022	<u>\$ 1,827,641</u>	<u>\$ 1,396,812</u>	<u>\$ 430,829</u>

Notes to Schedule:

Changes of assumptions:

For measurement date 09/30/2021, as mandated by Chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed to the rates used in Milliman’s July 1, 2019 FRS valuation report for special risk employees. In addition, the investment rate of return assumption was lowered from 7.50% to 6.75%, gross of investment related expenses.

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, 2022

Note 12 – Employees’ Pension Plans – continued

B. Florida Retirement System

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

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

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

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

CITY OF LIVE OAK, FLORIDA
Notes to the financial statements
September 30, 2022

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 2021-22 fiscal year were as follows:

Class	Year Beginning July 1, 2022		Year Beginning July 1, 2021	
	Percent of Gross Salary		Percent of Gross Salary	
	Employee	Employer ⁽¹⁾	Employee	Employer ⁽¹⁾
Regular	3.00	10.19	3.00	9.10
Elected Officers	3.00	55.25	3.00	49.70
Senior Management Service	3.00	29.85	3.00	27.29
Special Risk Regular	3.00	26.11	3.00	24.17
DROP	0.00	16.94	0.00	16.68

⁽¹⁾ These rates include the normal cost and unfunded actuarial liability contributions but do not include the contribution for the Retiree Health Insurance Subsidy and the fee of 0.06% for administration of the FRS Investment Plan and provision of educational tools for both plans.

The City contributions, employer, to the FRS Pension Plan totaled \$457,570 for the fiscal year ended September 30, 2022.

Net Pension Liability

At September 30, 2022, the City reported the following net pension liability:

	<u>FRS Pension Plan</u>
City's Proportion	0.010744895%
City's Proportionate Share of Net Pension Liability	\$3,997,964

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, 2022, the City’s proportion decreased by .00158077% from its proportion measured as of June 30, 2021.

Discount Rate

The discount rate used to measure the total pension liability was 6.70%. The FRS Pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments of active and inactive plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF LIVE OAK, FLORIDA
Notes to the financial statements
September 30, 2022

Note 12 – Employees’ Pension Plans – continued

B. Florida Retirement System- continued

Actuarial Assumptions

The total pension liability in the July 1, 2022 actuarial valuation, was determined using the individual entry age cost method and the following actuarial assumptions, applied to all periods included in the measurement:

	FRS Pension Plan
Inflation	2.40%
Salary Increases	3.25%
Investment Rate of Return, Including Inflation	6.70%
Mortality Table	Generational PUB-2010
Actuarial Cost Method	Individual Entry Age

Long-term Expected Rate of Return

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

Long-term Expected Rate of Return (Concluded)

Asset Class	Annual Target Allocation (1)	Annual Arithmetic Return	Geometric Return	Standard Deviation
Cash	1.0%	2.6%	2.6%	1.1%
Fixed Income	19.8%	4.4%	4.4%	3.2%
Global Equity	54.2%	8.8%	7.3%	17.8%
Real Estate	10.3%	7.4%	6.3%	15.7%
Private Equity	11.1%	12.0%	8.9%	26.3%
Strategic Investments	3.8%	6.2%	5.9%	7.8%
Total	100%			
Assumed Inflation – Mean		2.4%		1.3%

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

CITY OF LIVE OAK, FLORIDA
Notes to the financial statements
September 30, 2022

Note 12 – Employees’ Pension Plans – continued

B. Florida Retirement System- continued

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

The following presents the net pension liability of the City, calculated using the current discount rate of 6.70%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.70%) or 1-percentage-point higher (7.70%) than the current rate:

	1% Decrease 5.70%	Current Discount Rate 6.70%	1% Increase 7.70%
City's Proportionate Share of the Net Pension Liability - FRS	6,914,205	3,997,964	1,559,641

The actuarial assumptions used in the July 1, 2022 valuation, were based on the results of an actuarial experience study for the period July 1 2013, through June 30, 2018.

HIS Pension Plan

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

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

Plan Benefits- For the fiscal year ended September 30, 2022, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month, pursuant to Section 112.363, Florida Statutes, retirees under a state administered retirement system must provide proof of health insurance coverage to be eligible to receive benefits.

Contributions- The HIS Pension Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. Contribution rates remained at 1.66% through the City’s fiscal year. The rate has been 1.66% since October 1, 2015. The City contributed 100% of its statutorily required contributions for the current and preceding three years.

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

The City’s contributions to the HIS Pension Plan totaled \$45,574 for the fiscal year ended September 30, 2022.

CITY OF LIVE OAK, FLORIDA
Notes to the financial statements
September 30, 2022

Note 12 – Employees’ Pension Plans – continued

HIS Pension Plan- continued

Net Pension Liability

At September 30, 2022, the City reported the following net pension liability:

	HIS Pension Plan
City's Proportion	0.0075538520%
City's Proportionate Share of Net Pension Liability	\$800,074

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, 2022, the City’s proportion decreased by .0005512% from its proportion measured as of June 30, 2021.

Discount Rate

The discount rate used to measure the total pension liability was 3.54% for the HIS Pension Plan’s fiscal year ended June 30, 2022. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Pension Plan sponsor.

Actuarial Assumptions

The total pension liability in the July 1 2020 actuarial valuation, was determined using the individual entry age cost method and the following actuarial assumptions, applied to all periods included in the measurement:

	HIS Pension Plan
Inflation	2.40%
Salary Increases	3.25%
Mortality Table	Generational PUB-2010 Individual
Actuarial Cost Method	Entry Age

The actuarial assumptions used in the July 1, 2021 valuation, were based on the results of an actuarial experience study for the period July 1 2013, through June 30, 2018.

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

The following presents the net pension liability of the City, calculated using the current discount rate of 3.54%, 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 (2.54%) or 1-percentage-point higher (4.54%) than the current rate:

	1% Decrease 2.54%	Current Discount Rate 3.54%	1% Increase 4.54%
City's Proportionate Share of the Net Pension Liability - HIS	915,350	800,074	704,685

CITY OF LIVE OAK, FLORIDA
Notes to the financial statements
September 30, 2022

Note 12 – Employees’ Pension Plans – continued

FRS Investment Plan

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

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

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

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

Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06% of payroll and by forfeited benefits of Investment Plan members. For the fiscal year ended September 30, 2022, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the City.

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

CITY OF LIVE OAK, FLORIDA
Notes to the financial statements
September 30, 2022

Note 12 – Employees’ Pension Plans – continued

Additional Disclosures– Defined Benefit Plans

Contributions- The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected Officers, etc.) as the FRS Pension Plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Allocations to the investment members’ accounts (employee and employer) during the Investment Plan’s fiscal year ending June 30, 2022, were as follows:

Class	Percent of Gross Compensation
Regular	9.30
Elected Officers	16.23
Senior Management Service	10.67
Special Risk Regular	17.00

The City’s Investment Plan pension expense totaled \$128,063 for the fiscal year ended September 30, 2022.

	Firefighter's Plan	FRS	HIS	Total
Net Pension Liability	430,829	3,997,964	800,074	5,228,867

Deferred Outflows of Resources

	Firefighter's Plan	FRS	HIS	Total
Employer Contributions				
After Measurement Date	-	113,090	10,717	123,807
Difference Between Expected and Actual Experience	-	189,880	24,284	214,164
Changes in Assumptions	-	492,366	45,861	538,227
Net Difference Between Projected and Actual Earnings on Investments	354,312	263,985	1,158	619,455
Changes in Proportion and Differences Between City Contributions and Proportionate Share of Contributions	-	72,615	89,981	162,596
Total Deferred Outflows of Resources	354,312	1,131,936	172,001	1,658,249

CITY OF LIVE OAK, FLORIDA
Notes to the financial statements
September 30, 2022

Note 12 – Employees’ Pension Plans – continued

Additional Disclosures— Defined Benefit Plans

Deferred Inflows of Resources

	Firefighter's Plan	FRS	HIS	Total
Difference Between Expected and Actual Experience	-	-	3,520	3,520
Changes in Assumptions	-	-	123,771	123,771
Net Difference Between Projected and Actual Earnings on Investments	129,633	-	-	129,633
Changes in Proportion and Differences Between City Contributions and Proportionate Share of Contributions	-	579,981	84,146	664,127
Total Deferred Inflows of Resources	129,633	579,981	211,437	921,051

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, 2023. Other amounts reported as deferred outflows and inflows of resources related to pension will be recognized in pension expense as follows:

Fiscal Year Ending	Firefighter's Plan Amount	FRS Amount	HIS Amount
2023	60,372	116,432	(11,183)
2024	44,224	(31,669)	(1,427)
2025	38,436	(211,044)	1,694
2026	81,647	568,630	(6,107)
2027	-	(3,484)	(21,464)
Thereafter	-	-	(11,666)
Total	224,679	438,865	(50,153)

CITY OF LIVE OAK, FLORIDA
Notes to the financial statements
September 30, 2022

Note 12 – Employees’ Pension Plans – continued

Additional Disclosures— Defined Benefit Plans

Pension Expense

For the year ended September 30, 2022, the City recognized pension expense from the defined benefit pension plans as follows:

Firefighter's Plan	66,111
FRS	446,160
HIS	37,339
Total	549,610

Payables to the Pension Plan

At September 30, 2022, the City did not report any payables to the pension plans for the outstanding amount of contributions.

C. Deferred Employee Benefits:

The City provides its employees with two deferred compensation plans, created in accordance with Internal Revenue Code Section 457(b). The assets of these plans are administered by The Legend Group and Pebeco-Nationwide Retirement Solutions. The plans have been amended to include provisions changed by the Economic Growth and Tax Relief Reconciliation Act of 2001. Annual employee contributions of \$1089 for fiscal year ended September 30, 2022, 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, 2022.

Note 13 –Other Post-Employment Benefits (OPEB)

Plan Description

The City of Live Oak’s Retiree Health Care Plan (Plan) is a single-employer defined benefit post-employment health care plan that covers eligible retired employees of the City. The Plan, which is administered by the City, allows employees who retire and meet retirement eligibility requirements under the applicable retirement plan to continue medical insurance coverage as a participant in the City’s plan. For purposes of applying Paragraph 4 under Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, the Plan does not meet the requirements for an OPEB plan administered through a trust.

At October 1, 2020, the following employees were covered by the benefit terms:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	0
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	0
Active Plan Members	77
	77

CITY OF LIVE OAK, FLORIDA
Notes to the financial statements
September 30, 2022

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

Employees Covered by Benefit Terms-

Benefits Provided

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

TOTAL OPEB LIABILITY

The measurement date is September 30, 2022.

The measurement period for the OPEB expense was October 1, 2021 to September 30, 2022.

The reporting period is October 1, 2021 through September 30, 2022.

The City's Total OPEB Liability was measured as of September 30, 2022.

Actuarial Assumptions

The Total OPEB Liability was determined by an actuarial valuation as of October 1, 2020, updated to September 30, 2022 using the following actuarial assumptions:

Inflation	2.50%
Salary Increases	2.50%
Discount Rate	4.77%
Initial Trend Rate	7.00%
Ultimate Trend Rate	4.00%
Years to Ultimate	54

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

Discount Rate

Given the City's decision not to fund the program, all future benefit payments were discounted using a high-quality municipal bond rate of 4.77%. The high-quality municipal bond rate was based on the measurement date of the S&P Municipal Bond 20 Year High Grade Rate Index as published by S&P Dow Jones Indices. The S&P Municipal 20 Year High Grade Rate Index consists of bonds in the S&P Municipal Bond Index with maturity of 20 years. Eligible bonds must be rated at least AA by Standard and Poor's Ratings Services, Aa2 by Moody's or AA by Fitch. If there are multiple ratings, the lowest rating is used.

OPEB Expense

Under GASB 75 as it applies to plans that qualify for the Alternative Measurement Method, changes in the Total OPEB Liability are not permitted to be included in deferred outflows of resources or deferred inflows of resources related to OPEB. These changes will be immediately recognized through OPEB expense.

CITY OF LIVE OAK, FLORIDA
Notes to the financial statements
September 30, 2022

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

For the year ended September 30, 2022, the City will recognize OPEB Expense/(Revenue) of \$(85,499).

CHANGES IN TOTAL OPEB LIABILITY

		Increases and Decreases in Total OPEB Liability
Reporting Period Ending September 30, 2021	\$	430,601
Changes for a Year:		
Service Cost		32,640
Interest		11,162
Differences Between Expected and Actual Experience -		
Changes of Assumptions		(131,801)
Benefit Payments		(7,851)
Net Changes		(95,850)
Reporting Period Ending September 30, 2022	\$	334,751

Differences Between Expected and Actual Experience represents the impact of changes in the census data during the 12-month period between the prior full actuarial valuation and the current valuation.

Notes to Schedule:

Changes of assumptions:

Changes of assumptions reflect a change in the discount rate from 2.43% for the fiscal year ending September 30, 2021 to 4.77% for the fiscal year ending September 30, 2022.

Fiscal Year Ending September 30, 2021:	2.43%
Fiscal Year Ending September 30, 2020:	2.14%
Fiscal Year Ending September 30, 2019:	3.58%

Also reflected as assumption changes are updated mortality rates, updated health care costs and premiums, and updated health care cost trend rates.

Benefit Payments:

The plan sponsor did not provide actual net benefits paid by the Plan for the fiscal year ending on September 30, 2022. Expected new benefit payments produced by the valuation model for the same period are shown in the table above.

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

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

	1% Decrease	Current Discount Rate	1% Increase
	3.77%	4.77%	5.77%
Total OPEB Liability (Asset)	\$ 384,052	\$ 334,751	\$ 293,606

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

CITY OF LIVE OAK, FLORIDA
Notes to the financial statements
September 30, 2022

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

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

	1% Decrease <u>3.00 - 6.00%</u>	Healthcare Cost Trend Rates <u>4.00% - 7.00%</u>	1% Increase <u>5.00 - 8.00%</u>
Total OPEB Liability (Asset)	\$ 284,534	\$ 334,751	\$ 396,683

Note 14 – Leases

The City Leases Copiers and a Postage Machine. The lease’s have various terms. The lease is not renewable and the City will not acquire the equipment at the end of the agreement period.

Governmental Activities:

<u>Description</u>	<u>Date</u>	<u>Payment Terms</u>	<u>Payment Amount</u>	<u>Interest Rate</u>	<u>Total Lease Liability</u>	<u>Balance 9/30/2022</u>
Admin - Copier	8/1/2020	4 years	\$ 2,801	15.51%	\$ 11,205	\$ 6,385
Finance - Copier	12/12/2019	4 years	2,601	15.52%	10,405	2,761
Annex - Copier	8/23/2021	4 years	2,849	15.53%	11,398	6,498
Police - Copier	1/16/2020	4 years	2,585	15.53%	10,339	2,919
Fire - Copier	4/7/2021	4 years	1,112	15.53%	4,448	2,354
Admin - Postage Machine	7/20/2020	5 years	1,636	18.39%	5,324	3,510
Total						<u>\$ 24,427</u>

Business-type activities:

<u>Description</u>	<u>Date</u>	<u>Payment Terms</u>	<u>Payment Amount</u>	<u>Interest Rate</u>	<u>Total Lease Liability</u>	<u>Balance 9/30/2022</u>
Public Works -Water - Copier	10/1/2021	4 years	1,950	18.39%	\$ 2,851	\$ 1,951

Annual requirements to amortize long-term obligations and related interest are as follows:

Annual requirements to amortize long-term obligations and related interest are as follows:

Governmental Activities:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2023	10,424	3,162
2024	7,538	1,475
2025	6,465	232
	<u>\$ 24,427</u>	<u>\$ 4,869</u>

Business-type activities:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 57	\$ 61
2023	386	327
2024	463	250
2025	555	157
2025	490	47
	<u>\$ 1,951</u>	<u>\$ 842</u>

CITY OF LIVE OAK, FLORIDA
Notes to the financial statements
September 30, 2022

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 and Contingencies

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

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

CITY OF LIVE OAK, FLORIDA
Notes to the financial statements
September 30, 2022

Note 18 – Economic Dependency

The City has entered into an agreement with Florida Department of Corrections for providing water and wastewater services to the Suwannee Correctional Institution. The agreement has a term of twenty (20) years, with revenue of \$13,366,440 over the term of the first ten (10) years. That contract expired January of 2021 and reverted to the original contract for several months. A new contract was negotiated with Department of Corrections for a monthly water and sewer rate of \$92,113.50, providing an annual revenue of \$1,105,362 through January of 2028. During the year ended September 30, 2022 total water and sewer fund operating revenue was \$5,611,925. Of this amount, \$1,105,362 or 19% was paid by the State of Florida Department of Corrections associated with the Suwannee Correctional Institution.

During the year-ended September 30, 2022 total gas revenue was \$1,105,362. Pilgrim’s Pride remitted \$448,208. which represents 37% of the total revenue.

Note 19 – Subsequent Events

Subsequent Event

The following events have been completed or have made substantial progress subsequent to September 30, 2022.

The FDOT Transportation Alternative Project rehabilitation of Stormwater Drainage wells 41 and 42 located near Hillman Avenue west of Ohio/Dr. Martin Luther King Jr. Drive was completed early in 2023.

Repaving of Palm Avenue, which was funded jointly with CRA and Infrastructure funds, was completed in December of 2022. The project was a coordinated effort with Suwannee County, who provided their labor force for road bed preparation.

The Maple Street Water Improvement project was completed in December of 2022. The Water line improvement project replaced old water lines with new larger capacity lines. This project was funded by a Federal grant through the SRWMD.

The City’s residential AMR Water meter replacement project is ongoing at this time. This project will replace approximately 2,500 manual read mechanical water meters with auto-read meters. Many of the meters being replaced are over 15 years old. This project’s Water meter replacement is being funded with Federal ARPA grant dollars. The 700 residential gas meter retrofits will be funded with Infrastructure funds.

Design and Planning began for a Septic to Sewer to Reuse project, which will be funded by State of Florida DEP/Covid Relief through SRWMD. Sewer services will be available to residents in the area of Evelyn Avenue and Second Steet, and also Duval Street and 105th Street. This project is not anticipated to be complete until sometime in 2024.

The City Council awarded a contract in March for the reroofing of City Hall. The current roof is original to the building constructed in 1977. Construction is slated to begin the beginning of May 2023.

Engineering design has begun for Haines, Irvin, and Houston Stormwater drainage well rehabilitation projects. These projects are funded through SRWMD river grant programs.



Required Supplemental Information

CITY OF LIVE OAK, FLORIDA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	<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	\$ 2,045,499	\$ 2,045,499	\$ 2,156,708	\$ 111,209
In lieu of Ad Valorem Property Taxes	209,160	209,160	215,258	6,098
Utility Tax	671,500	671,500	694,399	22,899
Fire Fee	380,000	380,000	382,394	2,394
Franchise Fees:				
Power and Light	480,750	480,750	531,790	51,040
Telecommunications	285,582	285,582	287,245	1,663
Total Taxes	<u>4,072,491</u>	<u>4,072,491</u>	<u>4,267,794</u>	<u>195,303</u>
Licenses and Permits:				
Business Tax Receipts	106,000	106,000	106,025	25
Building Permits	80,000	80,000	124,386	44,386
Other	15,000	15,000	20,850	5,850
Total Licenses and Permits	<u>201,000</u>	<u>201,000</u>	<u>251,261</u>	<u>50,261</u>
Intergovernmental Revenues:				
State Shared Revenues:				
Municipal Revenue Sharing	235,000	235,000	314,925	79,925
Motor Fuel Tax	72,000	72,000	94,441	22,441
Mobile Home Licenses	2,600	2,600	2,657	57
Beverage Tax	3,000	3,000	8,094	5,094
Sales Tax	364,416	364,416	442,682	78,266
Firefighter Suppliment	3,960	3,960	3,960	-
Fuel Tax Refund	7,600	7,600	7,697	97
DOT SCOPE Grant	511,000	511,000	216,093	(294,907)
Local Source:				
Housing Authority in Lieu	22,000	22,000	19,259	(2,741)
Total Intergovernmental Revenues	<u>1,221,576</u>	<u>1,221,576</u>	<u>1,109,808</u>	<u>(111,768)</u>
Charges for Services:				
Pound Fees	1,000	1,000	2,700	1,700
Traffic Assistance	115,000	115,000	115,421	421
Right-of-way Maintenance - D.O.T.	60,000	60,000	60,500	500
Zoning Fees	9,000	9,000	15,720	6,720
Miscellaneous	6,750	6,750	13,435	6,685
Total Charges for Services	<u>191,750</u>	<u>191,750</u>	<u>207,776</u>	<u>16,026</u>
Fines and Forfeitures	15,100	15,100	12,926	(2,174)
Miscellaneous Revenues:				
Interest	8,000	8,000	10,726	2,726
Tower Rental	55,000	55,000	57,043	2,043
Cemetery Lots	28,000	28,000	41,850	13,850
Sales of fixed assets	-	-	89,365	89,365
Other	6,000	6,000	31,653	25,653
Total Miscellaneous Revenues	<u>97,000</u>	<u>97,000</u>	<u>230,637</u>	<u>133,637</u>
Total Revenues	<u>\$ 5,798,917</u>	<u>\$ 5,798,917</u>	<u>\$ 6,080,202</u>	<u>\$ 281,285</u>

CITY OF LIVE OAK, FLORIDA
BUDGET COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Expenditures:				
General Government:				
Legislative:				
Personnel Services	\$ 195,992	\$ 195,992	\$ 173,697	\$ 22,295
Operating Expenses	33,090	33,090	36,256	(3,166)
Capital Outlay	11,000	11,000	10,121	879
	<u>240,082</u>	<u>240,082</u>	<u>220,074</u>	<u>20,008</u>
Financial and Administrative:				
Personnel Services	1,121,755	1,121,755	997,729	124,026
Operating Expenses	587,673	553,373	481,693	71,680
Capital Outlay	76,000	76,000	4,291	71,709
Debt Expense	-	-	8,462	(8,462)
	<u>1,785,428</u>	<u>1,751,128</u>	<u>1,492,175</u>	<u>258,953</u>
Total General Government	<u>2,025,510</u>	<u>1,991,210</u>	<u>1,712,249</u>	<u>278,961</u>
Public Safety:				
Law Enforcement:				
Personnel Services	1,436,383	1,436,383	1,252,722	183,661
Operating Expenses	235,970	235,970	204,436	31,534
Capital Outlay	271,000	271,000	240,234	30,766
Debt Expense	-	-	2,585	(2,585)
	<u>1,943,353</u>	<u>1,943,353</u>	<u>1,699,977</u>	<u>243,376</u>
Fire Protection:				
Personnel Services	1,192,123	1,192,123	991,811	200,312
Operating Expenses	141,610	141,610	111,869	29,741
Capital Outlay	22,500	22,500	8,405	14,095
Debt Expense	-	-	1,112	(1,112)
	<u>1,356,233</u>	<u>1,356,233</u>	<u>1,113,197</u>	<u>243,036</u>
Inspection and Code Enforcement:				
Personnel Services	230,354	230,354	121,991	108,363
Operating Expenses	46,720	46,720	60,703	(13,983)
Capital Outlay	128,000	128,000	25,766	102,234
Debt Expense	-	-	1,426	(1,426)
	<u>405,074</u>	<u>405,074</u>	<u>209,886</u>	<u>195,188</u>
Animal Control:				
Personnel Services	52,266	52,266	40,966	11,300
Operating Expenses	22,385	22,385	17,653	4,732
	<u>74,651</u>	<u>74,651</u>	<u>58,619</u>	<u>16,032</u>
Total Public Safety	<u>3,779,311</u>	<u>3,779,311</u>	<u>3,081,679</u>	<u>697,632</u>

CITY OF LIVE OAK, FLORIDA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2022
(Concluded)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Expenditures <i>(Concluded)</i>				
Transportation:				
Road and Street Facilities:				
Personnel Services	\$ 367,517	\$ 367,517	\$ 378,994	\$ (11,477)
Operating Expenses	730,090	730,090	551,333	178,757
Capital Outlay	1,922,000	2,123,000	437,082	1,685,918
	<u>3,019,607</u>	<u>3,220,607</u>	<u>1,367,409</u>	<u>1,853,198</u>
Economic Development				
Operating Expenses	10,000	10,000	4,660	5,340
	<u>10,000</u>	<u>10,000</u>	<u>4,660</u>	<u>5,340</u>
Culture and Recreation				
Operating Expenses	226,554	226,554	226,554	-
	<u>226,554</u>	<u>226,554</u>	<u>226,554</u>	<u>-</u>
Physical Environment:				
Personnel Services	140,788	140,788	125,714	15,074
Operating Expenses	21,212	21,212	10,391	10,821
Capital Outlay	50,000	65,000	61,741	3,259
	<u>212,000</u>	<u>227,000</u>	<u>197,846</u>	<u>29,154</u>
Human Services:				
Operating Expenses	40,250	40,250	40,250	-
	<u>40,250</u>	<u>40,250</u>	<u>40,250</u>	<u>-</u>
Total Expenditures	<u>9,313,232</u>	<u>9,494,932</u>	<u>6,630,647</u>	<u>2,864,285</u>
(Deficiency) Excess Revenues (Under) Over Expenditures	<u>(3,514,315)</u>	<u>(3,696,015)</u>	<u>(550,445)</u>	<u>3,145,570</u>
Other Financing Sources (Uses)				
Transfers from:				
Infrastructure Fund	1,819,000	1,819,000	263,000	(1,556,000)
Capital Projects Fund	623,220	824,220	617,000	(207,220)
Water and Sewer Utility Fund	794,176	794,176	794,176	-
Stormwater Fund	22,990	22,999	16,000	(6,999)
Gas Utility Fund	193,472	193,472	193,472	-
Sanitation Fund	274,298	274,248	274,248	-
Cash Carry Forward	52,200	52,200	-	52,200
Transfers to:				
Community Redevelopment Tax Fund	(265,000)	(284,300)	(284,278)	22
Total Financing Sources (Uses)	<u>3,514,356</u>	<u>3,696,015</u>	<u>1,873,618</u>	<u>(1,717,997)</u>
(Deficiency) Excess of Revenue and Other sources (Under) Over Expenditures and Other Uses	-	-	1,323,173	-
Fund Balance, Beginning of Year	-	-	3,421,021	-
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,744,194</u>	<u>\$ -</u>

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

**CITY OF LIVE OAK, FLORIDA
BUDGETARY COMPARISON SCHEDULE
COMMUNITY REDEVELOPMENT TAX FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 248,650	\$ 248,650	\$ 276,532	\$ 27,882
Interest Earned	4,000	4,000	3,224	(776)
Total Revenues	<u>252,650</u>	<u>252,650</u>	<u>279,756</u>	<u>27,106</u>
Expenditures				
General Government	185,410	185,410	91,992	93,418
Recreation	27,000	27,000	-	27,000
Economic Environment	260,000	260,000	93,890	166,110
Capital Outlay				
General Government	410,590	410,590	51,603	358,987
Transportation	375,000	375,000	36,343	338,657
Recreation	400,000	400,000	1,075	398,925
Total Expenditures	<u>1,658,000</u>	<u>1,658,000</u>	<u>274,903</u>	<u>1,383,097</u>
(Deficiency) Excess of Revenue (Under) Over Expenditures	<u>(1,405,350)</u>	<u>(1,405,350)</u>	<u>4,853</u>	<u>1,410,203</u>
Other Financing Resources (Uses)				
Transfers in				
General Fund	265,000	265,000	284,278	19,278
Total Other Financing Sources (Uses)	<u>265,000</u>	<u>265,000</u>	<u>284,278</u>	<u>19,278</u>
(Deficiency) Excess of Revenues and Other Sources (Under) Over Expenditures	<u>(1,140,350)</u>	<u>(1,140,350)</u>	<u>289,131</u>	<u>1,429,481</u>
Fund Balance, Beginning of Year	<u>-</u>	<u>-</u>	<u>1,125,689</u>	<u>1,125,689</u>
Fund Balance, End of Year	<u>\$ (1,140,350)</u>	<u>\$ (1,140,350)</u>	<u>\$ 1,414,820</u>	<u>\$ 1,414,820</u>

CITY OF LIVE OAK, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SUBSTITUTE FIREFIGHTER PENSION PLAN

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RELATIONS

Last 10 Fiscal Years	9/30/2022	9/30/2021	9/30/2020	9/30/2019	9/30/2018	9/30/2017	9/30/2016	9/30/2015
Total Pension Liability	124,424	124,432	134,560	136,697	141,363	142,480	135,680	138,318
Interest	-	-	38,923	16,213	-21,441	26,766	27,974	15,106
Differences between Expected vs Actual Experience	-	-	55,153	-	-	-	115,424	-
Changes in Assumptions								
Benefit Payments, Including								
Refunds of Employee Contributions	(176,506)	(176,284)	(182,383)	(180,439)	(183,822)	(184,462)	(192,342)	(184,871)
Net Change in Total Pension Liability	(52,082)	(51,852)	46,253	(27,529)	(63,900)	(15,216)	86,736	(31,447)
Total Pension Liability - Beginning	1,879,723	1,931,575	1,885,322	1,912,851	1,976,751	1,991,967	1,905,231	1,936,678
Total Pension Liability - Ending (a)	1,827,641	1,879,723	1,931,575	1,885,322	1,912,851	1,976,751	1,991,967	1,905,231
Plan Fiduciary Net Position								
Contributions - Employer	60,869	60,869	53,782	53,782	57,179	56,011	43,177	27,114
Net Investment Income	(290,189)	320,993	90,843	45,985	167,912	194,641	108,639	(32,672)
Benefit Payments, Including								
Refunds of Employee Contributions	(176,506)	(176,284)	(182,383)	(180,439,00)	(183,822)	(184,462)	(192,342)	(184,871)
Administrative Expense	(7,986)	(14,579)	(7,986)	(13,904,00)	(17,008)	(15,879)	(1,837)	-
Net Change in Plan Fiduciary Net Position	(413,812)	190,999	(45,744)	(94,576)	24,261	50,311	(42,363)	(190,429)
Plan Fiduciary Net Position - Beginning	1,810,624	1,619,625	1,665,369	1,759,945	1,735,684	1,685,373	1,727,736	1,918,165
Plan Fiduciary Net Position - Ending (b)	1,396,812	1,810,624	1,619,625	1,665,369	1,759,945	1,735,684	1,685,373	1,727,736
Net Pension Liability - Ending (a) - (b)	430,829	\$69,099	\$311,950	\$219,953	\$152,906	\$241,067	\$306,594	\$177,495
Plan Fiduciary Net Position as a								
Percentage of the Total Pension Liability	76.43%	96.32%	83.85%	88.33%	92.01%	87.80%	84.61%	90.68%

Notes to Schedule:

Differences between the plan fiduciary net position presented above and the amounts presented in the financial statements are due to certain accruals which are the result of timing differences. These differences are not considered to be significant.

Changes of assumptions

For measurement date 9/30/2020, as mandated by Chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed to the rates used in Milliman's July 1, 2019 FRS valuation report for special risk employees. In addition, the investment rate of return assumption was lowered from 7.5% to 6.75%, gross of investment related expenses. For measurement date 09/30/2016, as a result of Chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed to the assumptions used by the Florida Retirement System for special risk employees. The inflation assumption rate was lowered from 3.00% to 2.50%, matching the long-term inflation assumption utilized by the Plan's investment consultant.

**CITY OF LIVE OAK, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SUBSTITUE FIREFIGHTER PENSION PLAN
SCHEDULE OF CONTRIBUTIONS**

Last 10 Fiscal Years

Fiscal Year Ended	Actuarially Determined Contribution	Contributions in relation to the Actuarially Determined Contributions	Contributions Dificiency (Excess)	Covered Employee Payroll	Contributions as a percentage of Covered Employee Payroll
9/30/2022	\$ 60,869	\$ 60,869	\$ -	N/A	N/A
9/30/2021	\$ 60,869	\$ 60,869	\$ -	N/A	N/A
9/30/2020	\$ 53,782	\$ 53,782	\$ -	N/A	N/A
9/30/2019	\$ 53,782	\$ 53,782	\$ -	N/A	N/A
9/30/2018	\$ 57,179	\$ 57,179	\$ -	N/A	N/A
9/30/2017	\$ 56,011	\$ 56,011	\$ -	N/A	N/A
9/30/2016	\$ 43,177	\$ 43,177	\$ -	N/A	N/A
9/30/2015	\$ 25,887	\$ 27,114	\$ (1,227)	N/A	N/A
9/30/2014	\$ 25,454	\$ 25,454	\$ -	N/A	N/A

Notes to Schedule

Valuation Date: 10/1/2020

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

Methods and assumptions used to determine contribution rates can be found in October 1, 2020. Actuarial Valuation for the City of Live Oak Firefighters' Substitute Pension Trust Fund prepared by Foster & Foster Actuaries and Consultants

Mortality Rate:

Healthy Retiree:

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

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

For 2022 the inflation rate assumption of the investment advisor was 2.26%.

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

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

Interest Rate:

6.75% per year compounded annually, gross of investment-related expenses. This is supported by the target asset class allocation of the trust and the expected long-term return by asset class.

Payroll Growth:

none

Asset Method:

Fair Market Value

Funding Method:

Aggregate Actuarial Cost Method

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

CITY OF LIVE OAK, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SUBSTITUTE FIREFIGHTER PENSION PLANS
SCHEDULE OF INVESTMENT RETURNS
 Last 10 Fiscal Years

Fiscal Year Ended	Annual Money-Weighted Rate of Return Net of Investment Expense
9/30/2022	-16.58%
9/30/2021	20.54%
9/30/2020	5.66%
9/30/2019	2.72%
9/30/2018	9.99%
9/30/2017	12.06%
9/30/2016	6.56%
9/30/2015	-1.76%
9/30/2014	8.29%

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

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

FLORIDA RETIREMENT SYSTEM PENSION PLAN

	9/30/2022	9/30/2021	9/30/2020	9/30/2019	9/30/2018	9/30/2017	9/30/2016	9/30/2015
City's Proportion of the FRS Net Pension Plan	0.010744895%	0.012325665%	0.012973489%	0.013696881%	0.013002250%	0.012486026%	0.012796910%	0.012608384%
City's Proportionate Share of the FRS Net Pension Plan	3,997,964	931,064	5,622,902	4,717,015	3,916,345	3,693,283	3,231,230	1,628,542
City's Covered-Employee Payroll (6/30)	2,753,434	2,870,000	2,483,735	2,536,325	2,378,735	2,284,880	2,267,892	1,835,301
City's Proportionate Share of the FRS Net Pension Liability as a Percentage of its Covered- Employee Payroll	145.20%	32.44%	226.39%	185.98%	164.64%	161.64%	142.48%	88.73%
FRS Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.89%	96.40%	78.85%	82.61%	84.26%	83.89%	84.88%	92.00%

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

HEALTH INSURANCE SUBSIDY PENSION PLAN

	9/30/2022	9/30/2021	9/30/2020	9/30/2019	9/30/2018	9/30/2017	9/30/2016	9/30/2015
City's Proportion of the HIS Net Pension Plan	0.007553852%	0.008105052%	0.007154758%	0.007582135%	0.007281423%	0.007166783%	0.007344800%	0.007969916%
City's Proportionate Share of the HIS Net Pension Plan	800,074	994,206	873,584	848,365	770,674	766,305	856,011	812,806
City's Covered-Employee Payroll (6/30)	2,753,434	2,870,000	2,483,735	2,536,325	2,378,735	2,284,880	2,267,892	1,835,301
City's Proportionate Share of the HIS Net Pension Liability as a Percentage of its Covered- Employee Payroll	29.06%	34.64%	35.17%	33.45%	32.40%	33.54%	37.74%	44.29%
HIS Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	4.81%	3.56%	3.00%	2.63%	2.15%	1.64%	0.97%	0.99%

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

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CITY'S CONTRIBUTIONS
FLORIDA RETIREMENT SYSTEM AND HEALTH INSURANCE SUBSIDY PENSION PLANS
SEPTEMBER 30, 2022**

FLORIDA RETIREMENT SYSTEM PENSION PLAN

	<u>9/30/2022</u>	<u>9/30/2021</u>	<u>9/30/2020</u>	<u>9/30/2019</u>	<u>9/30/2018</u>	<u>9/30/2017</u>	<u>9/30/2016</u>	<u>9/30/2015</u>
Contractually Required Contribution	457,570	479,839	435,952	414,561	385,401	323,424	330,190	310,709
FRS Contribution in Relation to the Contractually Required Contribution	(457,570)	(479,839)	(435,952)	(414,561)	(385,401)	(323,424)	(330,190)	(310,709)
FRS Contribution Deficiency (Excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
City's Covered-Employee Payroll (FYE 9/30)	2,745,422	2,934,523	2,507,952	2,473,718	2,396,262	2,015,895	1,490,336	1,737,938
FRS Contributions as a Percentage of Covered-Employee Payroll	16.67%	16.35%	17.38%	16.76%	16.08%	16.04%	22.16%	17.88%

HEALTH INSURANCE SUBSIDY PENSION PLAN

	<u>9/30/2022</u>	<u>9/30/2021</u>	<u>9/30/2020</u>	<u>9/30/2019</u>	<u>9/30/2018</u>	<u>9/30/2017</u>	<u>9/30/2016</u>	<u>9/30/2015</u>
Contractually Required Contribution	45,574	48,585	41,632	41,072	39,826	33,464	24,740	21,898
HIS Contribution in Relation to the Contractually Required Contribution	(45,574)	(48,585)	(41,632)	(41,072)	(39,826)	(33,464)	(24,740)	(21,898)
HIS Contribution Deficiency (Excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
City's Covered-Employee Payroll (FYE 9/30)	2,745,422	2,934,523	2,507,952	2,473,718	2,396,262	2,015,895	1,490,336	1,737,938
HIS Contributions as a Percentage of Covered-Employee Payroll	1.66%	1.66%	1.66%	1.66%	1.66%	1.66%	1.66%	1.26%

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

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

Reporting Period Ending/ Measurement Date	9/30/2022	9/30/2021	9/30/2020	9/30/2019	9/30/2018
Total OPEB Liability					
Service Cost	32,640	31,196	21,799	21,243	22,887
Interest	11,162	8,917	14,760	16,950	15,182
Changes of benefit terms	-	-	-	-	-
Differences between Expected and Actual Experience	-	(44,571)	(49,765)	-	-
Changes of Assumptions	(131,801)	8,706	15,909	35,954	(30,938)
Benefit Payments	(7,851)	(7,311)	(18,443)	(17,800)	(16,368)
Net Change in Total OPEB Liability	(95,850)	(3,063)	(15,740)	56,347	(9,237)
Total OPEB Liability - Beginning	430,601	433,664	449,404	393,057	402,294
Total OPEB Liability - Ending	334,751	430,601	433,664	449,404	393,057
Covered Employee Payroll (Projected)	\$ 2,862,377	\$ 2,792,563	\$ 2,351,736	\$ 2,316,469	\$ 2,259,970
Total OPEB Liability as a % of Covered Employee Payroll	11.69%	15.42%	18.44%	19.40%	17.39%

Notes to Schedule:

Covered Payroll:

Covered payroll is projected to the measurement date based on actual covered payroll as of the valuation date using applicable salary increase assumptions. The above schedule will build to 10 years as information becomes available.

Changes of assumptions

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

Fiscal Year Ending September 30, 2022:	4.77%
Fiscal Year Ending September 30, 2021:	2.43%
Fiscal Year Ending September 30, 2020:	2.14%
Fiscal Year Ending September 30, 2019:	3.58%
Fiscal Year Ending September 30, 2018:	4.18%

Combining and Individual Fund Financial Statements

**CITY OF LIVE OAK, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2022**

	Local Government Fund	State Grant Fund	Special Project Fund	Victim's Advocate Fund	Public Safety Fund	Total
Assets						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 17,608	\$ 17,608
Due from other funds/internal balance	105,123	-	-	-	-	105,123
Due from other governments	-	6,988	\$ 24,680	8,004	-	39,672
Total Assets	105,123	6,988	24,680	8,004	17,608	162,403
Liabilities and Fund Balances:						
Liabilities:						
Accounts payable and other current liabilities	517	-	-	-	-	517
Due to other funds/internal balance	-	6,988	24,680	8,004	-	39,672
Unearned revenue	-	-	-	-	8,630	8,630
Total Liabilities	517	6,988	24,680	8,004	8,630	48,819
Fund Balances:						
Restricted for:						
Law enforcement	4,606	-	-	-	8,978	13,584
Recreation	100,000	-	-	-	-	100,000
Total Fund Balances	104,606	-	-	-	8,978	113,584
Total Liabilities and Fund Balances	\$ 105,123	\$ 6,988	\$ 24,680	\$ 8,004	\$ 17,608	\$ 162,403

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	<u>Local Government Fund</u>	<u>State Grant Fund</u>	<u>Special Project Fund</u>	<u>Victim's Advocate Fund</u>	<u>Public Safety Fund</u>	<u>Total</u>
Revenues:						
Intergovernmental	\$ -	\$ 6,988	\$ 141,754	\$ 32,005	\$ -	\$ 180,747
Donation-private	9,811	-	-	-	-	9,811
Interest	-	-	-	-	-	-
Fines and Forfeitures	-	-	-	-	1,304	1,304
Total Revenues	<u>9,811</u>	<u>6,988</u>	<u>141,754</u>	<u>32,005</u>	<u>1,304</u>	<u>191,862</u>
Expenditures:						
Public Safety	-	6,988	141,754	32,005	-	180,747
Recreation	160,000	-	-	-	-	160,000
Human Resources	80,205	-	-	-	-	80,205
Total Expenditures	<u>240,205</u>	<u>6,988</u>	<u>141,754</u>	<u>32,005</u>	<u>-</u>	<u>420,952</u>
(Deficiency) Excess of Revenues and Other Sources (Under) Over Expenditures and Other Uses	(230,394)	-	-	-	1,304	(229,090)
Fund Balances, Beginning of Year	<u>335,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,674</u>	<u>342,674</u>
Fund Balances, End of Year	<u>\$ 104,606</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,978</u>	<u>\$ 113,584</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, 2022 AND 2021

	2022	2021
Governmental Funds Capital Assets:		
Land	1,853,263	1,823,159
Buildings	4,336,042	4,318,777
Improvements other than buildings	2,231,061	2,231,061
Machinery and equipment	4,484,366	4,547,945
Right-To-Use Assets Under Leases	30,334	-
Infrastructure	9,618,254	8,544,688
Construction work in progress	45,186	789,255
Total governmental fund capital assets	<u>22,598,506</u>	<u>22,254,885</u>
Investments in Governmental Funds Capital Assets by Source:		
General Fund	9,080,311	9,047,319
Special Revenue Funds	1,340,843	1,324,065
Capital Projects Fund	76,366	76,366
Federal, State, and County Grants	8,238,269	7,935,141
General Obligation Bonds	359,781	359,781
Grants and other contributed capital	3,502,936	3,512,213
Total investment in governmental funds capital assets	<u>22,598,506</u>	<u>22,254,885</u>

CITY OF LIVE OAK, FLORIDA
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY
FOR THE YEAR ENDED SEPTEMBER 30, 2022

Function and Activity	Land	Buildings	Improve- ments Other Than Buildings	Machinery and Equipment	Right-to- Use Assets Under Leases	Infra- structure	Construction Work in Progress	Total
General Government:								
Legislative	\$ -	\$ -	\$ -	\$ 47,403	\$ -	\$ -	\$ -	47,403
Financial and Administrative	1,516,444	2,396,224	436,434	540,385	25,412	-	1,500	4,916,399
	<u>1,516,444</u>	<u>2,396,224</u>	<u>436,434</u>	<u>587,788</u>	<u>25,412</u>	<u>-</u>	<u>1,500</u>	<u>4,963,802</u>
Public Safety:								
Police protection	40,000	735,451	-	1,163,687	4,881	-	-	1,944,019
Protective Insp.	40,000	445,105	-	77,969	-	-	-	563,074
Fire protection	35,576	655,970	-	1,645,159	3,041	-	-	2,339,746
	<u>115,576</u>	<u>1,836,526</u>	<u>-</u>	<u>2,886,815</u>	<u>7,922</u>	<u>-</u>	<u>-</u>	<u>4,846,839</u>
Transportation:								
Roads and Streets Facilities	174,013	-	-	925,095	-	7,697,164	43,686	8,839,958
Maintenance	-	87,116	-	81,668	-	-	-	168,784
	<u>174,013</u>	<u>87,116</u>	<u>-</u>	<u>1,006,763</u>	<u>-</u>	<u>7,697,164</u>	<u>43,686</u>	<u>9,008,742</u>
Physical Environment:								
Cemetery	47,230	16,176	-	-	-	-	-	63,406
Other	-	-	1,794,627	-	-	1,921,090	-	3,715,717
	<u>47,230</u>	<u>16,176</u>	<u>1,794,627</u>	<u>-</u>	<u>-</u>	<u>1,921,090</u>	<u>-</u>	<u>3,779,123</u>
Total governmental Capital Assets	<u>\$ 1,853,263</u>	<u>\$ 4,336,042</u>	<u>\$ 2,231,061</u>	<u>\$ 4,481,366</u>	<u>\$ 33,334</u>	<u>\$ 9,618,254</u>	<u>\$ 45,186</u>	<u>\$ 22,598,506</u>

CITY OF LIVE OAK, FLORIDA
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY
FOR THE YEAR ENDED SEPTEMBER 30, 2022

Function and Activity	Governmental Funds Capital Assets 09/30/2021	Additions	Deletions	Governmental Funds Capital Assets 09/30/2022
General Government:				
Legislative	\$ 37,282	\$ 10,121	\$ -	\$ 47,403
Financial and Administrative	4,938,028	64,791	(86,420)	4,916,399
	<u>4,975,310</u>	<u>74,912</u>	<u>(86,420)</u>	<u>4,963,802</u>
Public Safety:				
Police protection	1,826,367	365,822	(248,170)	1,944,019
Protective Inspection	538,410	25,766	(1,102)	563,074
Fire protection	2,359,256	11,445	(30,955)	2,339,746
	<u>4,724,033</u>	<u>403,033</u>	<u>(280,227)</u>	<u>4,846,839</u>
Transportation:				
Roads and Streets Facilities	8,705,236	455,175	(320,453)	8,839,958
Maintenance	174,678	-	(5,894)	168,784
	<u>8,879,914</u>	<u>455,175</u>	<u>(326,347)</u>	<u>9,008,742</u>
Physical Environment:				
Cemetery	58,415	4,991	-	63,406
Other	3,617,213	98,504	-	3,715,717
	<u>3,675,628</u>	<u>103,495</u>	<u>-</u>	<u>3,779,123</u>
Total governmental funds capital assets	<u>\$ 22,254,885</u>	<u>\$ 1,036,615</u>	<u>\$ (692,994)</u>	<u>\$ 22,598,506</u>

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

CITY OF LIVE OAK, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FISCAL YEAR ENDED SEPTEMBER 30, 2022

Federal Agency Pass-through Entity Federal Program	Assistance Listing #	Contract/Grant Number	Expenditures
U.S. Department of Transportation			
Direct Programs:			
Pipeline and Hazardous Materials SA Technical Assistance Grant	20.710	693JK32140019PTAG	23,492
Indirect Programs:			
U.S. Department of Justice			
Passed through Florida Department of Law Enforcement FY20 LOPD	16.738	2020-JAGD-SUWA-1-4B041	1,673
U.S. Department of Justice Passed through Florida Department of Law Enforcement FY18 JAGD RESIDUAL FUNDS	16.738	2021-JAGD-SUWA-2-Y6-076	83,545
U.S. Department of Justice Passed through Florida Department of Law Enforcement 2020CERF PROGRAM	16.738	2021-CERF-SUWA-1-5A-007	50,000
U.S. Department of Justice Passed through Florida Department of Law Enforcement 2020 CESF PROGRAM	16.738	2020-CESF-SUWA-1-C9-005	1,175
Subtotal of AL# 16.738			<u>136,393</u>
Pass through the Office of the Attorney General Victim's Advocate Victims of Crime Act (VOCA)	16.575	VOCA-2021-LIVE OAK POLICE DEPARTMENT -00656	32,005
National Highway Traffic Safety Administration			
Pass through the Florida Department of Transportation			
Occupant Protection	20.616	G2038	1,918
Speed and Aggressive Driving	20.600	G2219	3,443
U.S. Highway Planning and Construction			
Passed through Florida Department of Transportation Transportation Alternatives Program City of Live Oak Drainage Wells Phase I	20.205	437324-1-58-01	252,979
Total Expenditures of Federal Awards			<u>450,230</u>
State Agency Pass-through Entity	CSFA#	Contract/Grant Number	Expenditures
Florida Recreation Development Assistance Program			
John Hale Park Phase III	37.017	A21058	6,988
Small County Outreach Program Winderweedle Roadway Project	55.009	G1F11	216,093
Total Expenditures of State Financial Assistance			<u>223,081</u>
Total Expenditures of Federal Awards and State Financial Assistance			<u><u>673,311</u></u>

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE PROJECTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

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, 2022. There were no loan expenditures incurred during the year ended September 30, 2022.

All FDEP Program Title Expenditures Loan Amounts	Assistance	
U.S. Department of Environmental Protection	Listing #	Outstanding
State Revolving Fund Loan No. WW66206P	66.458	290,448
State Revolving Fund Loan No. WW662080	66.458	1,017,247
State Revolving Fund Loan No. WW662111	66.458	6,593,845
State Revolving Fund Loan No. WW662110	66.458	113,249
State Revolving Fund Loan No. WW610201	66.458	69,135
State Revolving Fund Loan No. WW610220	66.458	1,061,991
State Revolving Fund Loan No. WW610200	66.458	635,285
State Revolving Fund Loan No. WW66207P	66.458	55,319
State Revolving Fund Loan No. WW662070	66.458	250,791
State Revolving Fund Loan No. DW610211	66.458	202,510
State Revolving Fund Loan No. DW610210	66.458	224,362
Total		10,514,182

4. De Minimis Indirect Cost Rate Election

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

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Live Oak, Florida (the City) as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated May 16, 2023.

Report on Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or 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

Gainesville | Ocala | Tallahassee | Sarasota | Orlando | Lakeland | Tampa

purvisgray.com

Members of American and Florida Institutes of Certified Public Accountants

An Independent Member of the BDO Alliance USA

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

**INDEPENDENT AUDITOR'S REPORT 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***

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an 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.



May 16, 2023
Tallahassee, Florida

INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH SECTION 218.415, FLORIDA STATUTES

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

We have examined the City of Live Oak, Florida's (the City) compliance with Section 218.415, Florida Statutes during the fiscal year ended September 30, 2022. City management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

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

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the examination engagement.

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 requirements of Section 218.415, Florida Statutes during the fiscal year ended September 30, 2022.

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



May 16, 2023
Tallahassee, Florida

CERTIFIED PUBLIC ACCOUNTANTS

Gainesville | Ocala | Tallahassee | Sarasota | Orlando | Lakeland | Tampa

purvisgray.com

Members of American and Florida Institutes of Certified Public Accountants

An Independent Member of the BDO Alliance USA

MANAGEMENT LETTER

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

Report on the Financial Statements

We have audited the financial statements of the City of Live Oak, Florida, (the City) as of and for the year ended September 30, 2022, and have issued our report thereon dated May 16, 2023.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountant's Report on an examination conducted in accordance with the American Institute of Certified Public Accountants Professional Standards, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports, which are dated May 16, 2023, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

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

CERTIFIED PUBLIC ACCOUNTANTS

Gainesville | Ocala | Tallahassee | Sarasota | Orlando | Lakeland | Tampa

purvisgray.com

Members of American and Florida Institutes of Certified Public Accountants

An Independent Member of the BDO Alliance USA

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

MANAGEMENT LETTER

Financial Condition and Management

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

Special District Component Units

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

Additional Matters

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

Purpose of this Letter

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

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

MANAGEMENT LETTER

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

A handwritten signature in blue ink that reads "Purvis Gray". The signature is written in a cursive, flowing style.

May 16, 2023
Tallahassee, Florida

AFFIDAVIT OF IMPACT FEE COMPLIANCE

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

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

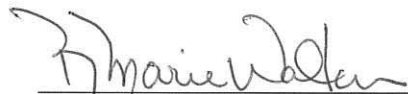
FURTHER AFFIANT SAYETH NAUGHT.



 Joanne M. Luther, Finance Director

STATE OF FLORIDA
COUNTY OF SUWANNEE

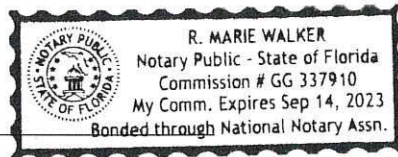
SWORN TO AND SUBSCRIBED before me this 12th day of May - , 2023.



 NOTARY PUBLIC
 Print Name R Marie Walker

Personally known or produced identification _____

Type of identification produced: _____



My Commission Expires:

9-14-2023