

OFFICIAL STATEMENT

Dated: July 12, 2022

In the opinion of McCall, Parkhurst & Horton L.L.P., Bond Counsel to the City, interest on the Bonds will be excludable from gross income for federal income tax purposes under statutes, regulations, published rulings, and court decisions existing on the date of the initial delivery of the Bonds, subject to the matters described under "TAX MATTERS" herein.



\$16,490,000
CITY OF LIVE OAK, TEXAS
(Bexar County)
GENERAL OBLIGATION BONDS, SERIES 2022

Dated Date: August 1, 2022
(Interest to accrue from Delivery Date)

Due: August 1, as shown on page ii

The \$16,490,000 City of Live Oak, Texas (the "City" or the "Issuer") General Obligation Bonds, Series 2022 (the "Bonds") are being issued pursuant to the Constitution and general laws of the State of Texas (the "State"), particularly Chapters 1251 and 1331, Texas Government Code, as amended, an election held in the City on May 7, 2022 (the "Election"), the Home Rule Charter of the City (the "City Charter"), and an ordinance (the "Ordinance") adopted by the City Council of the City (the "City Council") on July 12, 2022 authorizing the issuance of the Bonds. (See "THE BONDS – Authority for Issuance" herein.)

The Bonds are direct obligations of the Issuer payable from an annual ad valorem tax levied against all taxable property in the City, within the limits prescribed by law (including the State constitutional tax limit of \$2.50 per \$100 of assessed valuation). (See "THE BONDS – Security for Payment" and "AD VALOREM PROPERTY TAXATION – Debt Tax Rate Limitations" herein.)

Interest on the Bonds will accrue from the Delivery Date (defined below), will be payable on February 1 and August 1 of each year, commencing February 1, 2023, until maturity or prior redemption, and will be calculated on the basis of a 360-day year of twelve 30-day months. The definitive Bonds will be issued as fully registered obligations in book-entry-only form and when issued will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository (the "Securities Depository"). Book-entry interests in the Bonds will be made available for purchase in the principal amount of \$5,000 or any integral multiple thereof. Purchasers of the Bonds ("Beneficial Owners") will not receive physical delivery of certificates representing their interest in the Bonds purchased. So long as DTC or its nominee is the registered owner of the Bonds, the principal of and interest on the Bonds will be payable by The Bank of New York Mellon Trust Company, N.A., Dallas, Texas, as Paying Agent/Registrar, to DTC, which will in turn remit such principal and interest to its Participants, which will in turn remit such principal and interest to the Beneficial Owners of the Bonds. (See "BOOK-ENTRY-ONLY SYSTEM" herein.)

Proceeds from the sale of the Bonds will be used for the purpose of (1) designing, renovating, improving, upgrading, updating, and equipping City streets, bridges, and sidewalks (as well as necessary improvements thereto), and the purchase of land, and (2) paying the costs of issuing the Bonds. (See "PLAN OF FINANCING – Purpose of Bonds" herein.)

The Issuer reserves the right to redeem the Bonds maturing on and after August 1, 2033, on August 1, 2032, or any date thereafter, in whole or in part, in principal amounts of \$5,000 or any integral multiple thereof, at the redemption price of par plus accrued interest as further described herein. (See "THE BONDS – Redemption Provisions" herein.)

STATED MATURITY SCHEDULE
(On Page ii)

The Bonds are offered for delivery, when, as and if issued and received by the initial purchasers thereof named below (the "Underwriters") and subject to the approving opinion of the Attorney General of the State and the approval of certain legal matters by McCall, Parkhurst & Horton L.L.P., San Antonio, Texas, Bond Counsel. The legal opinion of Bond Counsel will be printed on or attached to the Bonds. See "LEGAL MATTERS" herein. Certain legal matters will be passed upon for the Underwriters by their counsel, Cantu Harden LLP, San Antonio, Texas. It is expected that the Bonds will be available for initial delivery through the services of DTC on or about August 9, 2022 (the "Delivery Date").

SAMCO CAPITAL

ESTRADA HINOJOSA

CABRERA CAPITAL MARKETS, LLC

STATED MATURITY SCHEDULE
(Due August 1)
Base CUSIP – 538130^(a)

Stated Maturity	Principal Amount	Interest Rate (%)	Initial Yield (%)	CUSIP Suffix ^(a)
2023	515,000	5.000	1.620	FT7
2024	525,000	5.000	1.940	FU4
2025	550,000	5.000	2.090	FV2
2026	580,000	5.000	2.200	FW0
2027	605,000	5.000	2.320	FX8
2028	635,000	5.000	2.500	FY6
2029	670,000	5.000	2.640	FZ3
2030	705,000	5.000	2.730	GA7
2031	735,000	5.000	2.840	GB5
2032	775,000	5.000	2.910	GC3
2033	815,000	5.000	3.020 ^(b)	GD1
2034	855,000	5.000	3.140 ^(b)	GE9
2035	895,000	5.000	3.230 ^(b)	GF6
2036	940,000	5.000	3.290 ^(b)	GG4
2037	990,000	5.000	3.350 ^(b)	GH2
2038	1,040,000	5.000	3.400 ^(b)	GJ8
2039	1,090,000	5.000	3.460 ^(b)	GK5
2040	1,145,000	4.000	3.950 ^(b)	GL3
2041	1,190,000	4.000	4.000	GM1
2042	1,235,000	4.000	4.020	GN9

(Interest to accrue from the Delivery Date)

The Issuer reserves the right to redeem the Bonds maturing on and after August 1, 2033, on August 1, 2032, or any date thereafter, in whole or in part, in principal amounts of \$5,000 or any integral multiple thereof, at the redemption price of par plus accrued interest as further described herein. (See “THE BONDS – Redemption Provisions” herein.)

^(a) CUSIP numbers are included solely for the convenience of the owner of the Bonds. CUSIP Global Services (“CGS”) is a registered trademark of The American Bankers Association by FactSet Research Systems Inc. Copyright^(c) 2022 CGS. CUSIP[®] data herein is provided by CGS. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. None of the City, the Financial Advisor, or the Underwriters, or their agents or counsel, is responsible for the selection or correctness of the CUSIP numbers set forth herein.

^(b) Yield calculated based on the assumption the Bonds denoted and sold at a premium at a premium will be redeemed on August 1, 2032, the first optional call date for the Bonds, at a redemption price of par, plus accrued interest to the redemption date.

CITY OF LIVE OAK, TEXAS

**8001 Shin Oak Drive
Live Oak, Texas 78233
(210) 653-9140**

ELECTED OFFICIALS

<u>Name</u>	<u>Position</u>	On Council Term Expires		<u>Occupation</u>
		<u>Since</u>	<u>May</u>	
Mary M. Dennis	Mayor	2010	2024	Retired
Ed Cimics	Mayor Pro-Tem	2010	2024	Retired
Mendell D. Morgan, Jr.	Councilmember	2013	2023	Librarian
Robert "Bob" Tullgren	Councilmember	2010	2024	United States Air Force
Dr. Erin Perez	Councilmember	2021	2023	Nurse Practitioner
Aaron Dahl	Councilmember	2011	2023	Architect

ADMINISTRATION

<u>Name</u>	<u>Position</u>	<u>Length of Service With the City</u>
Glen Martel ⁽¹⁾	City Manager	7 months
Leroy Kowalik	Director of Finance	14 years
Deborah L. Goza	City Secretary	22 years

⁽¹⁾ Joined the City in January 2022 and officially retired in 2022 as a Brigadier General from the United States Air Force.

CONSULTANTS AND ADVISORS

Bond Counsel	McCall, Parkhurst & Horton L.L.P. San Antonio, Texas
Certified Public Accountants	Armstrong Vaughan & Associates, P.C. Universal City, Texas
Financial Advisor	Frost Bank San Antonio, Texas

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USE OF INFORMATION IN THE OFFICIAL STATEMENT

This Official Statement, which includes the cover page and the Appendices hereto, does not constitute an offer to sell or the solicitation of an offer to buy in any jurisdiction to any person to whom it is unlawful to make such offer, solicitation, or sale.

No dealer, broker, salesperson or other person has been authorized to give information or to make any representation other than those contained in this Official Statement, and, if given or made, such other information must not be relied upon.

Certain information set forth herein has been provided by sources other than the City that the City believes to be reliable, but the City makes no representation as to the accuracy of such information. Any information and expressions of opinion herein contained are subject to change without notice, and neither the delivery of the Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City or other matters described herein since the date hereof. See "CONTINUING DISCLOSURE OF INFORMATION" for a description of the City's undertaking to provide certain information on a continuing basis.

NEITHER THE CITY NOR ITS FINANCIAL ADVISOR MAKES ANY REPRESENTATION OR WARRANTY WITH RESPECT TO THE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT REGARDING THE DEPOSITORY TRUST COMPANY ("DTC") OR ITS BOOK-ENTRY-ONLY SYSTEM, AS SUCH INFORMATION HAS BEEN PROVIDED BY DTC.

THE BONDS ARE EXEMPT FROM REGISTRATION WITH THE SECURITIES AND EXCHANGE COMMISSION AND CONSEQUENTLY HAVE NOT BEEN REGISTERED THEREWITH. THE REGISTRATION, QUALIFICATION, OR EXEMPTION OF THE BONDS IN ACCORDANCE WITH APPLICABLE SECURITIES LAW PROVISIONS OF THE JURISDICTIONS IN WHICH THESE SECURITIES HAVE BEEN REGISTERED, QUALIFIED, OR EXEMPTED SHOULD NOT BE REGARDED AS A RECOMMENDATION THEREOF.

THIS OFFICIAL STATEMENT CONTAINS "FORWARD-LOOKING" STATEMENTS WITHIN THE MEANING OF SECTION 21e OF THE SECURITIES AND EXCHANGE ACT OF 1934, AS AMENDED. SUCH STATEMENTS MAY INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE THE ACTUAL RESULTS, PERFORMANCE AND ACHIEVEMENTS TO BE DIFFERENT FROM THE FUTURE RESULTS, PERFORMANCE AND ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. INVESTORS ARE CAUTIONED THAT THE ACTUAL RESULTS COULD DIFFER MATERIALLY FROM THOSE SET FORTH IN THE FORWARD-LOOKING STATEMENTS.

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The cover page, subsequent pages hereof, and Appendices attached hereto are part of this Official Statement.

SELECTED DATA FROM THE OFFICIAL STATEMENT

The selected data is subject in all respects to the more complete information and definitions contained or incorporated in this Official Statement. The offering of the Bonds to potential investors is made only by means of this entire Official Statement. No person is authorized to detach this page from this Official Statement or to otherwise use it without the entire Official Statement.

The Issuer	The City of Live Oak, Texas (the "Issuer" or "City") is a political subdivision of the State of Texas (the "State") and is located in Bexar County, Texas. The Issuer is a home rule municipality located on IH-35, 17 miles northeast of the City of San Antonio, Texas. The City was incorporated on April 11, 1960. It is included in the San Antonio Greater Metropolitan Area. The City's current population is estimated to be 17,749. (See "APPENDIX B – GENERAL INFORMATION REGARDING THE CITY OF LIVE OAK, TEXAS AND BEXAR COUNTY, TEXAS" herein.)
The Bonds	The \$16,490,000 City of Live Oak, Texas General Obligation Bonds, Series 2022 (the "Bonds") are being issued by the City in accordance with the Constitution and general laws of the State, particularly Chapters 1251 and 1331, Texas Government Code, as amended, an election held in the City on May 7, 2022 (the "Election"), the Home Rule Charter of the City (the "City Charter"), and an ordinance (the "Ordinance") adopted by the City Council of the City (the "City Council") on July 12, 2022 authorizing the issuance of the Bonds.
Paying Agent/Registrar	The initial Paying Agent/Registrar for the Bonds is The Bank of New York Mellon Trust Company, N.A., Dallas, Texas.
Security	The Bonds are direct obligations of the City payable from the proceeds of an annual ad valorem tax levied, within the limitations prescribed by law, on all taxable property located within the City. (See "THE BONDS – Security for Payment" and "AD VALOREM PROPERTY TAXATION" herein.)
Redemption Provisions	The Issuer reserves the right, at its sole option, to redeem Bonds stated to mature on and after August 1, 2033, on August 1, 2032, or any date thereafter, in whole or in part, in principal amounts of \$5,000 or any integral multiple thereof, at the price of par plus accrued interest to the date fixed for redemption. (See "THE BONDS – Redemption Provisions" herein.)
Tax Matters	In the opinion of McCall, Parkhurst & Horton L.L.P., Bond Counsel, the interest on the Bonds will be excludable from gross income for federal tax purposes under statutes, regulations, published rulings, and court decisions existing on the date of the initial delivery of the Bonds, subject to the matters described under "TAX MATTERS" herein. (See "TAX MATTERS" for a discussion of the Opinion of Bond Counsel and "APPENDIX C – FORM OF LEGAL OPINION OF BOND COUNSEL" herein.)
Use of Bond Proceeds	Proceeds from the sale of the Bonds will be used for the purpose of (1) designing, renovating, improving, upgrading, updating, and equipping City streets, bridges, and sidewalks (as well as necessary improvements thereto), and the purchase of land, and (2) paying the costs of issuance of the Bonds. (See "PLAN OF FINANCING – Purpose of Bonds" herein.)
Book-Entry-Only System	The Issuer intends to utilize the Book-Entry-Only System of The Depository Trust Company, New York, New York described herein. No physical delivery of the Bonds will be made to the beneficial owners of the Bonds. Such Book-Entry-Only System may affect the method and timing of payments on the Bonds and the manner the Bonds may be transferred. (See "BOOK-ENTRY-ONLY SYSTEM" herein.)
Rating	Moody's Investors Service, Inc. ("Moody's") has assigned a rating of "Aa3" to the Bonds. An explanation of the significance of such rating may be obtained from Moody's. The rating reflects only the view of such organization, and the City makes no representations as to the appropriateness of the rating. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely if in the judgment of the company, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds. (See "OTHER PERTINENT INFORMATION – Rating" herein.)
Payment Record	The City has not defaulted on any of its debt.
Delivery Date	When issued, anticipated on or about August 9, 2022.
Legality	Delivery of the Bonds is subject to the approval by the Attorney General of the State and the rendering of an opinion as to legality by McCall, Parkhurst & Horton L.L.P., Bond Counsel, San Antonio, Texas.

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INTRODUCTORY STATEMENT

This Official Statement provides certain information in connection with the issuance by City of Live Oak, Texas (the “City” or the “Issuer”) of its \$16,490,000 General Obligation Bonds, Series 2022 (the “Bonds”) identified on the cover page hereof.

The Issuer is a political subdivision of the State of Texas (the “State”) and operates as a home rule municipality under the statutes and the Constitution of the State. The Bonds are being issued pursuant to the Constitution and general laws of the State, particularly Chapters 1251 and 1331, Texas Government Code, as amended, an election held in the City on May 7, 2022 (the “Election”), the Home Rule Charter of the City (the “City Charter”), and an ordinance (the “Ordinance”) adopted by the City Council of the City (the “City Council”) on July 12, 2022 authorizing the issuance of the Bonds. (See “THE BONDS – Authority for Issuance” herein.)

Unless otherwise indicated, capitalized terms used in this Official Statement have the same meanings assigned to such terms in the Ordinance. Included in this Official Statement are descriptions of the Bonds and certain information about the Issuer and its finances. ***ALL DESCRIPTIONS OF DOCUMENTS CONTAINED HEREIN ARE SUMMARIES ONLY AND ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO EACH SUCH DOCUMENT.*** Copies of such documents may be obtained from the Issuer or the Financial Advisor noted on page iii hereof.

INFECTIOUS DISEASE OUTBREAK – COVID-19

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, has been characterized as a pandemic (the “Pandemic”) by the World Health Organization and is currently affecting many parts of the world, including the United States and the State. On January 31, 2020, the Secretary of the United States Health and Human Services Department declared a public health emergency for the United States and on March 13, 2020, the President of the United States declared the outbreak of COVID-19 in the United States a national emergency. Subsequently, the President's Coronavirus Guidelines for America and the United States Centers for Disease Control and Prevention called upon Americans to take actions to slow the spread of COVID-19 in the United States.

On March 13, 2020, the Governor of Texas (the “Governor”) declared a state of disaster for all counties in the State in response to the Pandemic which has been subsequently extended and remains in effect. Pursuant to Chapter 418 of the Texas Government Code, as amended, the Governor has broad authority to respond to disasters, including suspending any regulatory statute prescribing the procedures for conducting state business or any order or rule of a State agency that would in any way prevent, hinder, or delay necessary action in coping with the disaster, and issuing executive orders that have the force and effect of law. The Governor has since issued a number of executive orders relating to COVID-19 preparedness and mitigation. However, on March 2, 2021 (but effective as of March 10, 2021), the Governor issued Executive Order GA-34, which supersedes most of the executive orders relating to COVID-19 and provides, generally, for the reopening of the State to 100%, ends the COVID-19 mask mandate, and supersedes any conflicting order issued by local officials in response to COVID-19, among other things and subject to certain limitations. Executive Order GA-34 remains in place until amended, rescinded, or superseded by the Governor. On May 18, 2021, Governor Abbott issued Executive Order GA-36, which supersedes Executive Order GA-34 in part. Executive Order GA-36 prohibits governmental entities in Texas, including counties, cities, school districts, public health authorities, and government officials from requiring or mandating any person to wear a face covering and subjects a governmental entity or official to a fine of up to \$1,000 for noncompliance, subject to certain exceptions. Executive Order GA-38, issued on July 29, 2021 and Executive Order GA-39, issued on August 25, 2021, further providing that governmental entities cannot require mask mandates, vaccine passports, or mandatory vaccinations. On October 11, 2021, the Governor issued Executive Order GA-40, prohibiting any entity from requiring COVID-19 vaccinations. Various lawsuits have been filed throughout the State related to the foregoing and litigation is expected to continue. Executive orders remain in place until they are amended, rescinded, or superseded by the Governor. Additional information regarding executive orders issued by the Governor is accessible on the website of the Governor at <https://gov.texas.gov/>. Neither the information on (nor accessed through) such website of the Governor is incorporated by reference, either expressly or by implication, into this Official Statement.

The Pandemic has negatively affected travel, commerce, and financial markets globally, and is widely expected to continue to negatively affect economic output worldwide and within the City. These negative impacts may reduce or otherwise negatively affect ad valorem tax revenues which are pledged as security for the Bonds. The City, however, cannot predict the effect the continued spread of COVID-19 will have on the finances or operations and maintenance of the City.

The City collects a sales and use tax on all taxable transactions within the City's boundaries and receives revenue from various sources, some of which heavily depend on business activity. Actions taken to slow the Pandemic may continue to reduce economic activity within the City on which the City collects taxes, charges, and fees. A reduction in the collection of sales or other taxes, revenues, fees, and other charges may negatively impact the City's operating budget and overall financial condition. In addition, the Pandemic has resulted in volatility of the value of investments in pension funds.

Any prolonged continuation of the Pandemic could further weaken asset values or slow or prevent their recovery, which could require increased City contributions to fund or pay retirement and other post-employment benefits in the future.

The City continues to monitor the spread of COVID-19 and is working with local, state, and national agencies to address the potential impact of the Pandemic upon the City. While the City experienced initial short term operational impacts due to the Pandemic and an initial decline in sales tax revenues, the City rebounded from these impacts, ending the prior fiscal year with growth in its tax base and strong sales tax revenues. However, the continued outbreak of COVID-19 could have a prospective adverse effect on the City’s operations and financial condition, and the effect could be material.

PLAN OF FINANCING

Purpose of Bonds

Proceeds from the sale of the Bonds will be used for (1) designing, renovating, improving, upgrading, updating, and equipping City streets, bridges, and sidewalks (as well as necessary improvements thereto), and the purchase of land, and (2) paying the costs of issuing the Bonds.

Sources and Uses

Sources	
Par Amount of the Bonds	\$16,490,000.00
Net Reoffering Premium	<u>1,759,967.35</u>
Total Sources of Funds	\$18,249,967.35
Uses	
Costs of Issuance and Additional Proceeds	\$145,432.10
Underwriters’ Discount	104,535.25
Deposit to Construction Fund	<u>18,000,000.00</u>
Total Uses of Funds	\$18,249,967.35

THE BONDS

General

The Bonds are dated August 1, 2022. The Bonds are stated to mature on August 1 in the years and in the principal amounts set forth on page ii hereof. The Bonds shall bear interest from their Delivery Date on the unpaid principal amounts, and the amount of interest to be paid with respect to each payment period shall be computed on the basis of a 360-day year consisting of twelve 30-day months. Interest on the Bonds will be payable on each February 1 and August 1, commencing February 1, 2023, until maturity or prior redemption.

Principal is payable at the designated offices of the “Paying Agent/Registrar” for the Bonds, initially The Bank of New York Mellon Trust Company, N.A., Dallas, Texas. Interest on the Bonds shall be paid to the registered owners whose names appear on the registration books of the Paying Agent/Registrar at the close of business on the Record Date (as hereinafter defined) and shall be paid by the Paying Agent/Registrar (i) by check sent United States Mail, first class postage prepaid, to the address of the registered owner recorded in the security register, or (ii) by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk of, the registered owner. If the date for the payment of the principal of or interest on the Bonds shall be a Saturday, Sunday, a legal holiday, or a day when banking institutions in the city where the designated payment/transfer office of the Paying Agent/Registrar is located are authorized to be closed, then the date for such payment shall be the next succeeding day which is not such a day, and payment on such date shall have the same force and effect as if made on the date payment was due.

Initially, the Bonds will be registered and delivered only to Cede & Co., the nominee of The Depository Trust Company (“DTC”) pursuant to the Book-Entry-Only System described below. No physical delivery of the Bonds will be made to the Beneficial Owners. Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will distribute the amounts received to the appropriate DTC Participants, who shall in turn make payment to the Beneficial Owners of the Bonds. Such Book-Entry-Only System may change the method and timing of payment for the Bonds and the method of transfer. See “BOOK-ENTRY-ONLY SYSTEM” below for a more complete description of such system.

Authority for Issuance

The Bonds are being issued pursuant to the Constitution and general laws of the State, including Chapters 1251 and 1331, Texas Government Code, as amended, the Election, the City Charter, and the Ordinance.

Security for Payment

The Bonds are direct obligations of the City payable from the proceeds of an annual ad valorem tax levied, within the limitations prescribed by law (including the State constitutional tax limit of \$2.50 per \$100 of assessed valuation), on all taxable property located within the City. (See "AD VALOREM PROPERTY TAXATION" herein.)

Redemption Provisions

The Issuer reserves the right, at its sole option, to redeem Bonds stated to mature, on or after August 1, 2033, in whole or in part, in principal amounts of \$5,000 or any integral multiple thereof on August 1, 2032, or any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption.

Selection of Bonds for Redemption

If less than all of the Bonds are to be redeemed, the City shall determine the amounts and maturities thereof to be redeemed and shall direct the Paying Agent/Registrar to select by lot, or by other customary random method, the Bonds, or portions thereof, to be redeemed.

Notice of Redemption

At least 30 days prior to the date fixed for any redemption of any Bonds or portions thereof prior to stated maturity, the Issuer shall cause notice of such redemption to be sent by United States mail, first-class postage prepaid, to the registered owner of each Bond or a portion thereof to be redeemed at its address as it appeared on the registration books of the Paying Agent/Registrar on the day such notice of redemption is mailed. By the date fixed for any such redemption, due provision shall be made with the Paying Agent/Registrar for the payment of the required redemption price for the Bonds or portions thereof which are to be so redeemed. If such notice of redemption is given and if due provision for such payment is made, all as provided above, the Bonds or portions thereof which are to be so redeemed thereby automatically shall be treated as redeemed prior to their scheduled maturities, and they shall not bear interest after the date fixed for redemption, and they shall not be regarded as being outstanding except for the right of the registered owner to receive the redemption price from the Paying Agent/Registrar out of the funds provided for such payment.

ANY NOTICE OF REDEMPTION SO MAILED SHALL BE CONCLUSIVELY PRESUMED TO HAVE BEEN DULY GIVEN IRRESPECTIVE OF WHETHER RECEIVED BY THE BONDHOLDER, AND, PROVIDED THAT PROVISION FOR PAYMENT OF THE REDEMPTION PRICE IS MADE AND ANY OTHER CONDITIONS TO REDEMPTION ARE SATISFIED, INTEREST ON THE REDEEMED BONDS SHALL CEASE TO ACCRUE FROM AND AFTER SUCH REDEMPTION DATE NOTWITHSTANDING THAT A BOND HAS NOT BEEN PRESENTED FOR PAYMENT.

Bonds of a denomination larger than \$5,000 may be redeemed in part (\$5,000 or any integral multiple thereof). Any Bond to be partially redeemed must be surrendered in exchange for one or more new Bonds of the same stated maturity and interest rate for the unredeemed portion of the principal. In the event of redemption of less than all of the Bonds of a particular stated maturity, the Paying Agent/Registrar is required to select the Bonds of such stated maturity to be redeemed by such random method as it deems fair and appropriate and which may provide for the selection for redemption of portions (equal to any authorized denomination) of the Bonds of a denomination larger than \$5,000.

The Paying Agent/Registrar and the Issuer, so long as a Book-Entry-Only System is used for the Bonds, will send any notice of redemption, notice of proposed amendment to the Ordinance or other notices with respect to the Bonds only to DTC. Any failure by DTC to advise any DTC participant, or of any DTC participant or indirect participant to notify the Beneficial Owner, will not affect the validity of the redemption of the Bonds called for redemption or any other action premised on any such notice. Redemption of portions of the Bonds by the Issuer will reduce the outstanding principal amount of such Bonds held by DTC. In such event, DTC may implement, through its Book-Entry-Only System, a redemption of such Bonds held for the account of DTC participants in accordance with its rules or other agreements with DTC participants and then DTC participants and indirect participants may implement a redemption of such Bonds from the Beneficial Owners. Any such selection of Bonds to be redeemed will not be governed by the Ordinance and will not be conducted by the Issuer or the Paying Agent/Registrar. Neither the Issuer nor the Paying Agent/Registrar will have any responsibility to DTC participants, indirect participants or the persons for whom DTC participants act as nominees, with respect to the payments on the Bonds or the providing of notice to DTC participants, indirect participants, or Beneficial Owners of the selection of portions of the Bonds for redemption. (See "BOOK-ENTRY-ONLY SYSTEM" herein.)

Payment Record

The City has not defaulted on any of its debt.

Legality

The Bonds are offered when, as and if issued, subject to the approvals of legality by the Attorney General of the State and McCall, Parkhurst & Horton L.L.P., San Antonio, Texas, Bond Counsel. A form of the legal opinion of Bond Counsel appears in APPENDIX C attached hereto.

Defeasance

The Ordinance provides for the defeasance of the Bonds when the payment of the principal of and premium, if any, on the Bonds, plus interest thereon to the due date thereof (whether such due date be by reason of maturity or otherwise) is provided by irrevocably depositing with the Paying Agent/Registrar or authorized escrow agent, in trust (1) money sufficient to make such payment, and/or (2) Defeasance Securities that mature as to principal and interest in such amounts and at such times to insure the availability, without reinvestment, of sufficient money to make such payment, and all necessary and proper fees, compensation and expenses of the paying agent for the Bonds. The City has additionally reserved the right, subject to satisfying the requirements of (1) and (2) above, to substitute other Defeasance Securities originally deposited, to reinvest the uninvested moneys on deposit for such defeasance and to withdraw for the benefit of the City moneys in excess of the amount required for such defeasance. The Ordinance provides that "Defeasance Securities" means any securities and obligations now or hereafter authorized by State law that are eligible to discharge obligations such as the Bonds. Current State law permits defeasance with the following types of securities: (a) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (b) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the City authorizes the defeasance of the Bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent, (c) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that, on the date the City authorizes the defeasance of the Bonds, have been refunded and are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent, and (d) any additional securities and obligations hereafter authorized by Texas law as eligible for use to accomplish the discharge of obligations such as the Bonds. There is no assurance that the current law will not be changed in a manner which would permit investments other than those described above to be made with amounts deposited to defease the Bonds. Because the Ordinance does not contractually limit such investments, registered owners will be deemed to have consented to defeasance with such other investments, notwithstanding the fact that such investments may not be of the same investment quality as those currently permitted under State law. There is no assurance that the ratings for U.S. Treasury securities used for defeasance purposes or that for any other Defeasance Security will be maintained at any particular rating category.

Upon such deposit as described above, such Bonds shall no longer be regarded to be outstanding or unpaid. After firm banking and financial arrangements for the discharge and final payment or redemption of Bonds have been made as described above, all rights of the City to initiate proceedings to call such Bonds for redemption or take any other action amending the terms of such Bonds are extinguished; provided, however, that the right to call such Bonds for redemption is not extinguished if the City: (i) in the proceedings providing for the firm banking and financial arrangements, expressly reserves the right to call such Bonds for redemption, (ii) gives notice of the reservation of that right to the owners of such Bonds immediately following the making of the firm banking and financial arrangements, and (iii) directs that notice of the reservation be included in any redemption notices that it authorizes.

Amendments

In the Ordinance, the City has reserved the right to amend the Ordinance without the consent of any holder for the purpose of amending or supplementing the Ordinance to (i) cure any ambiguity, defect or omission therein that does not materially adversely affect the interests of the holders, (ii) grant additional rights or security for the benefit of the holders, (iii) add events of default as shall not be inconsistent with the provisions of the Ordinance that do not materially adversely affect the interests of the holders, (iv) qualify the Ordinance under the Trust Indenture Act of 1939, as amended, or corresponding provisions of federal laws from time to time in effect, or (v) make such other provisions in regard to matters or questions arising under the Ordinance that are not inconsistent with the provisions thereof and which, in the opinion of Bond Counsel for the City, do not materially adversely affect the interests of the holders.

The Ordinance further provides that the holders of the Bonds aggregating in principal amount 51% of the outstanding Bonds shall have the right from time to time to approve any amendment not described above to the Ordinance if it is deemed necessary or desirable by the City; provided, however, that without the consent of 100% of the holders in original principal amount of the then outstanding Bonds so affected, no amendment may be made for the purpose of: (i) making any change in the maturity of any of the outstanding Bonds; (ii) reducing the rate of interest borne by any of the outstanding Bonds; (iii) reducing the amount of the principal of, or redemption premium, if any, payable on any outstanding Bonds; (iv) modifying the terms of payment of principal or of interest or redemption premium on outstanding Bonds, or imposing any condition with respect to such payment; or (v) changing the minimum percentage of the principal amount of the Bonds necessary for consent to such amendment.

Default and Remedies

If the City defaults in the payment of principal, interest, or redemption price on the Bonds when due, or if it fails to make payments into any fund or funds created in the Ordinance, or defaults in the observation or performance of any other covenants, conditions, or obligations set forth in the Ordinance, the registered owners may seek a writ of mandamus to compel City officials to carry out their legally imposed duties with respect to the Bonds, if there is no other available remedy at law to compel performance of the Bonds or the Ordinance and the City's obligations are not uncertain or disputed. The issuance of a writ of mandamus is controlled by equitable principles, so rests with the discretion of the court, but may not be arbitrarily refused. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. The Ordinance does not provide for the appointment of a trustee to represent the interest of the bondholders upon any failure of the City to perform in accordance with the terms of the Ordinance, or upon any other condition and accordingly all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the registered owners. The Texas Supreme Court (the "Court") ruled in *Tooke v. City of Mexia*, 197 S.W.3d 325 (Tex. 2006) ("Tooke") that a waiver of sovereign immunity in a contractual dispute must be provided for by statute in "clear and unambiguous" language.

Furthermore, *Tooke*, and subsequent jurisprudence, held that a municipality is not immune from suit for torts committed in the performance of its proprietary functions, as it is for torts committed in the performance of its governmental functions (the "Proprietary-Governmental Dichotomy"). Governmental functions are those that are enjoined on a municipality by law and are given by the State as a part of the State's sovereignty, to be exercised by the municipality in the interest of the general public, while proprietary functions are those that a municipality may, in its discretion, perform in the interest of the inhabitants of municipality.

In *Wasson Interests, Ltd. v. City of Jacksonville*, 489 S.W.3d 427 (Tex. 2016) ("Wasson") the Court addressed whether the distinction between governmental and proprietary acts (as found in tort-based causes of action) applies to breach of contract claims against municipalities. The Court analyzed the rationale behind the Proprietary-Governmental Dichotomy to determine that "a city's proprietary functions are not done pursuant to the 'will of the people'" and protecting such municipalities "via the [S]tate's immunity is not an efficient way to ensure efficient allocation of [S]tate resources". While the Court recognized that the distinction between government and proprietary functions is not clear, the *Wasson* opinion held that Proprietary-Governmental Dichotomy applies in contract-claims context. The Court reviewed *Wasson* again in June 2018 and clarified that to determine whether governmental immunity applies to a breach of contract claim, the proper inquiry is whether the municipality was engaged in a governmental or proprietary function when it entered into the contract, not at the time of alleged breach. Therefore, in regard to municipal contract cases (as in tort claims), it is incumbent on the courts to determine whether a function was proprietary or governmental based upon the statutory guidance and definitions found in the Texas Civil Practice and Remedies Code.

Notwithstanding the foregoing case law issued by the Court, such sovereign immunity issues have not been adjudicated in relation to bond matters (specifically, in regard to the issuance of municipal debt). Each situation will be prospectively evaluated based on the facts and circumstances surrounding the contract in question to determine if a suit, and subsequently, a judgment, is justiciable against a municipality.

If a judgment against the City could be obtained, it could not be enforced by direct levy and execution against the City's property. Further, the registered owners cannot themselves foreclose on property within the City or sell property within the City to enforce the tax lien on taxable property to pay the principal of and interest on the Bonds. As noted above, the Ordinance provides that Bondholders may exercise the remedy of mandamus to enforce the obligations of the City under the Ordinance. Neither the remedy of mandamus nor any other type of injunctive relief was at issue in *Tooke*, and it is unclear whether *Tooke* will be construed to have any effect with respect to the exercise of mandamus, as such remedy has been interpreted by Texas courts. In general, Texas courts have held that a writ of mandamus may be issued to require public officials to perform ministerial acts that clearly pertain to their duties. Texas courts have held that a ministerial act is defined as a legal duty that is prescribed and defined with a precision and certainty that leaves nothing to the exercise of discretion or judgment, though mandamus is not available to enforce purely contractual duties. However, mandamus may be used to require a public officer to perform legally imposed ministerial duties necessary for the performance of a valid contract to which the State or a political subdivision of the State is a party (including the payment of monies due under a contract). Furthermore, the City is eligible to seek relief from its creditors under Chapter 9 of the U.S. Bankruptcy Code ("Chapter 9"). Although Chapter 9 provides for the recognition of a security interest represented by a specifically pledged source of revenues, the pledge of ad valorem taxes in support of a general obligation of a bankrupt entity is not specifically recognized as a security interest under Chapter 9. Chapter 9 also includes an automatic stay provision that would prohibit, without Bankruptcy Court approval, the prosecution of any other legal action by creditors or bondholders of an entity which has sought protection under Chapter 9. Therefore, should the City avail itself of Chapter 9 protection from creditors, the ability to enforce would be subject to the approval of the Bankruptcy Court (which could require that the action be heard in Bankruptcy Court instead of other federal or state court), and the Bankruptcy Code provides for broad discretionary powers of a Bankruptcy Court in administering any proceeding brought before it. The opinion of Bond Counsel will note that all opinions relative to the enforceability of the Ordinance and the Bonds are qualified with respect to the customary rights of debtors relative to their creditors and general principles of equity that permit the exercise of judicial discretion.

REGISTRATION, TRANSFER, AND EXCHANGE

Paying Agent/Registrar

The initial Paying Agent/Registrar is The Bank of New York Mellon Trust Company, N.A., Dallas, Texas. In the Ordinance, the Issuer retains the right to replace the Paying Agent/Registrar. If the Paying Agent/Registrar is replaced by the Issuer, the new Paying Agent/Registrar shall accept the previous Paying Agent/Registrar's records and act in the same capacity as the previous Paying Agent/Registrar. Any successor Paying Agent/Registrar, selected at the sole discretion of the Issuer, shall be a national or state banking association or corporation organized and doing business under the laws of the United States of America or of any state, authorized under such laws to exercise trust powers, shall be subject to supervision or examination by federal or state authority, and registered as a transfer agent with the United States Securities and Exchange Commission. Upon a change in the Paying Agent/Registrar for the Bonds, the Issuer agrees to promptly cause written notice thereof to be sent to each registered owner of the Bonds affected by the change by United States mail, first-class, postage prepaid.

The Bonds will be issued in fully registered form in multiples of \$5,000 for any one stated maturity, and principal and semiannual interest will be paid by the Paying Agent/Registrar. Interest will be paid by check or draft mailed on each interest payment date by the Paying Agent/Registrar to the registered owner at the last known address as it appears on the Paying Agent/Registrar's books or by such other method, acceptable to the Paying Agent/Registrar, requested by and at the risk and expense of the registered owner. Principal will be paid to the registered owner at stated maturity or prior redemption upon presentation to the Paying Agent/Registrar; provided however, that so long as DTC's Book-Entry-Only System is used, all payments will be made as described under "BOOK-ENTRY-ONLY SYSTEM" herein. If the date for the payment of the principal or interest on the Bonds shall be a Saturday, Sunday, a legal holiday or a day when banking institutions in the city where the Paying Agent/ Registrar is located are authorized to close, then the date for such payment shall be the next succeeding day which is not such a day, and payment on such date shall have the same force and effect as if made on the date payment was due.

Record Date

The record date ("Record Date") for determining the party to whom interest is payable on a Bond on any interest payment date means the fifteenth day of the month next preceding each interest payment date.

In the event of a non-payment of interest on a scheduled payment date, and for 30 days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest ("Special Payment Date", which must be 15 days after the Special Record Date) will be sent at least five business days prior to the Special Record Date by United States mail, first class postage prepaid, to the address of each holder of a Bond appearing on the registration books of the Paying Agent/Registrar at the close of business on the last business day next preceding the date of mailing of such notice.

Future Registration

In the event the Bonds are not in the Book-Entry-Only System, the Bonds may be transferred, registered, and assigned on the registration books of the Paying Agent/Registrar only upon presentation and surrender thereof to the Paying Agent/Registrar, and such registration and transfer shall be without expense or service charge to the registered owner, except for any tax or other governmental charges required to be paid with respect to such registration and transfer. A Bond may be assigned by the execution of an assignment form on the Bond or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. A new Bond or Bonds will be delivered by the Paying Agent/Registrar in lieu of the Bonds being transferred or exchanged at the corporate trust office of the Paying Agent/Registrar, or sent by United States registered mail to the new registered owner at the registered owner's request, risk and expense. New Bonds issued in an exchange or transfer of Bonds will be delivered to the registered owner or assignee of the registered owner in not more than three (3) business days after the receipt of the Bonds to be canceled in the exchange or transfer and the written instrument of transfer or request for exchange duly executed by the registered owner or his duly authorized agent, in form satisfactory to the Paying Agent/Registrar. New Bonds registered and delivered in an exchange or transfer shall be in denominations of \$5,000 for any one stated maturity or any integral multiple thereof and for a like aggregate principal amount and rate of interest as the Bond or Bonds surrendered for exchange or transfer. (See "BOOK-ENTRY-ONLY SYSTEM" herein for a description of the system to be utilized in regard to ownership and transferability of the Bonds.)

Limitation on Transfer or Exchange of Bonds

The Paying Agent/Registrar shall not be required to transfer or exchange any Bonds or any portion thereof during the period commencing with the close of business on any Record Date and ending with the opening of business on the next following principal or interest payment date or with respect to any Bond or portion called for redemption prior to maturity, within 45 days prior to its redemption date, provided, however, such limitation of transfer shall not be applicable to an exchange by the registered owner of the uncalled balance of a Bond called for redemption.

Replacement Bonds

In the Ordinance, provision is made for the replacement of mutilated, destroyed, lost, or stolen Bonds upon surrender of the mutilated Bonds to the Paying Agent/Registrar, or the receipt of satisfactory evidence of destruction, loss, or theft, and the receipt by the Issuer and Paying Agent/Registrar of security or indemnity as may be required by either of them to hold them harmless. The Issuer may require payment of taxes, governmental charges, and other expenses in connection with any such replacement.

BOOK-ENTRY-ONLY SYSTEM

This section describes how ownership of the Bonds is to be transferred and how the principal of, premium, if any, and interest on the Bonds are to be paid to and credited by DTC while the Bonds are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The City, the Underwriters, and the Financial Advisor believe the source of such information to be reliable, but take no responsibility for the accuracy or completeness thereof.

The City cannot and does not give any assurance that (1) DTC will distribute payments of debt service on the Bonds, or redemption or other notices, to DTC Participants, (2) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Bonds), or redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or (3) DTC will serve and act in the manner described in this Official Statement. The current rules applicable to DTC are on file with the United States Securities and Exchange Commission (the "SEC"), and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered Bonds registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). Direct Participants and Indirect Participants are jointly referred to as "Participants". DTC has a S&P Global Ratings' rating of "AA+". The DTC Rules applicable to its Participants are on file with the SEC. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and

proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices for the Bonds shall be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Direct Participant as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

All payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Paying Agent/Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with Bonds held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participant and not of DTC, the Paying Agent/Registrar, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment on the Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Issuer or the Paying Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the City or the Paying Agent/Registrar. Under such circumstances, in the event that a successor depository is not obtained, Bonds are required to be printed and delivered. The City may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bonds will be printed and delivered.

Information concerning DTC and the Book-Entry-Only System has been obtained from DTC and is not guaranteed as to accuracy or completeness by and is not to be construed as a representation by the City, the Financial Advisor, or the Underwriters of the Bonds.

Use of Certain Terms in Other Sections of this Official Statement

In reading this Official Statement it should be understood that while the Bonds are in the Book-Entry-Only System, references in other sections of this Official Statement to registered owners should be read to include the person for which the Participant acquires an interest in the Bonds, but (i) all rights of ownership must be exercised through DTC and the Book-Entry-Only System, and (ii) except as described above, notices that are to be given to registered owners under the Ordinance will be given only to DTC.

INVESTMENT AUTHORITY AND INVESTMENT PRACTICES OF THE ISSUER

The City invests funds in instruments authorized by Texas law, specifically the Public Funds Investment Act, Chapter 2256, Texas Government Code, as amended (the "PFIA"), in accordance with and investment policies approved by the City Council. The City Council appoints the Director of Finance as the "investment officer" of the City. Both State law and the City's investment policies are subject to change.

Under Texas law, the City is authorized to invest in (1) obligations of the United States or its agencies and instrumentalities, including letters of credit, (2) direct obligations of the State or its agencies and instrumentalities; (3) collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which are guaranteed by an agency or instrumentality of the United States; (4) other obligations, the principal and interest of which is guaranteed or insured by or backed by the full faith and credit of, the State or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States; (5) obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than "A" or its equivalent; (6) bonds issued, assumed or guaranteed by the State of Israel; (7) certificates of deposit and share certificates meeting the requirements of the PFIA (i) that are issued by an institution that has its main office or a branch office in the State and are guaranteed or insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund, or are secured as to principal by obligations described in clauses (1) through (6) or in any other manner and amount provided by law for City deposits, or (ii) where (a) the funds are invested by the City through (I) a broker that has its main office or a branch office in the State and is selected from a list adopted by the City as required by law or (II) a depository institution that has its main office or a branch office in the State that is selected by the City; (b) the broker or the depository institution selected by the City arranges for the deposit of the funds in certificates of deposit in one or more federally insured depository institutions, wherever located, for the account of the City; (c) the full amount of the principal and accrued interest of each of the certificates of deposit is insured by the United States or an instrumentality of the United States, and (d) the City appoints the depository institution selected under

(a) above, a custodian as described by Section 2257.041(d) of the Texas Government Code, as amended, or a clearing broker-dealer registered with the SEC and operating pursuant to SEC Rule 15c3-3 (17 C.F.R. Section 240.15c3-3) as custodian for the City with respect to the certificates of deposit; (8) fully collateralized repurchase agreements that have a defined termination date, are fully secured by a combination of cash and obligations described in clause (1) which are pledged to the City, held in the City's name, and deposited at the time the investment is made with the City or with a third party selected and approved by the City and are placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in the State, (9) certain bankers' acceptances with the remaining term of 270 days or less, if the short-term obligations of the accepting bank or its parent are rated at least "A-1" or "P-1" or the equivalent by at least one nationally recognized credit rating agency, (10) commercial paper with a stated maturity of 270 days or less that is rated at least "A-1" or "P-1" or the equivalent by either (a) two nationally recognized credit rating agencies or (b) one nationally recognized credit rating agency if the paper is fully secured by an irrevocable letter of credit issued by a U.S. or state bank, (11) no-load money market mutual funds registered with and regulated by the SEC that have a dollar weighted average stated maturity of 90 days or less and include in their investment objectives the maintenance of a stable net asset value of \$1 for each share, (12) no-load mutual funds registered with the SEC that have an average weighted maturity of less than two years, invest exclusively in obligations described in this paragraph, and are continuously rated as to investment quality by at least one nationally recognized investment rating firm of not less than "AAA" or its equivalent, and (13) public funds investment pools that have an advisory board which includes participants in the pool and are continuously rated as to investment quality by at least one nationally recognized investment rating firm of not less than "AAA" or "AAAm" or its equivalent or no lower than investment grade with a weighted average maturity no greater than 90 days. If specifically authorized in the authorizing document, bond proceeds may be invested in guaranteed investment contracts that have a defined termination date and are secured by obligations of the United States or its agencies and instrumentalities in an amount at least equal to the amount of bond proceeds invested under such contract, other than the prohibited obligations described in the next succeeding paragraph.

City may invest in such obligations directly or through government investment pools that invest solely in such obligations provided that the pools are rated no lower than "AAA" or "Aaam" or an equivalent by at least one nationally recognized rating service. The City may also contract with an investment management firm registered under the Investment Advisers Act of 1940 (15 U.S.C. Section 80b-1 et seq.) or with the State Securities Board to provide for the investment and management of its public funds or other funds under its control for a term up to two years, but the City retains ultimate responsibility as fiduciary of its assets. In order to renew or extend such a contract, the City must do so by order, ordinance, or resolution. The City is specifically prohibited from investing in: (1) obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal; (2) obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security and bears no interest; (3) collateralized mortgage obligations that have a stated final maturity of greater than 10 years; and (4) collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

Governmental bodies in the State such as the City are authorized to implement securities lending programs if (i) the securities loaned under the program are 100% collateralized, a loan made under the program allows for termination at any time and a loan made under the program is either secured by (a) obligations that are described in clauses (1) through (6) of the second paragraph under this caption, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm not less than "A" or its equivalent, or (c) cash invested in obligations that are described in clauses (1) through (6) and (10) through (12) of the second paragraph under this caption, or an authorized investment pool; (ii) securities held as collateral under a loan are pledged to the governmental body, held in the name of the governmental body and deposited at the time the investment is made with the City or a third party designated by the City; (iii) a loan made under the program is placed through either a primary government securities dealer or a financial institution doing business in the State; and (iv) the agreement to lend securities has a term of one year or less.

Under Texas law, the City is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity; that address investment diversification, yield, maturity, and the quality and capability of investment management; and that include a list of authorized investments for City funds, the maximum allowable stated maturity of any individual investment and the maximum average dollar-weighted maturity allowed for pooled fund groups, methods to monitor the market price of investments acquired with public funds, a requirement for settlement of all transactions, except investment pool funds and mutual funds, on a delivery versus payment basis, and procedures to monitor rating changes in investments acquired with public funds and the liquidation of such investments consistent with the PFIA. All City funds must be invested consistent with a formally adopted "Investment Strategy Statement" that specifically addresses each fund's investment. Each Investment Strategy Statement will describe its objectives concerning: (1) suitability of investment type, (2) preservation and safety of principal, (3) liquidity, (4) marketability of each investment, (5) diversification of the portfolio, and (6) yield.

Under Texas law, the City's investments must be made "with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment considering the probable safety of capital and probable income to be derived". At least quarterly the City's investment officers must submit an investment report to the City Council detailing: (1) the investment position of the City, (2) that all investment officers jointly prepared and signed the report, (3) the beginning market value, the ending market value and the fully accrued interest for the reporting period of each pooled fund group, (4) the book value and market value of each separately listed

asset at the end of the reporting period, (5) the maturity date of each separately invested asset, (6) the account or fund or pooled fund group for which each individual investment was acquired, and (7) the compliance of the investment portfolio as it relates to: (a) adopted investment strategies and (b) Texas law. No person may invest City funds without express written authority from the City Council.

Under Texas law, the City is additionally required to: (1) annually review its adopted policies and strategies, (2) adopt a rule, order, ordinance or resolution stating that it has reviewed its investment policy and investment strategies and records any changes made to either its investment policy or investment strategy in the respective rule, order, ordinance or resolution, (3) require any investment officers with personal business relationships or relatives with firms seeking to sell securities to the entity to disclose the relationship and file a statement with the Texas Ethics Commission and the City Council; (4) require the qualified representative of firms offering to engage in an investment transaction with the City to: (a) receive and review the City's investment policy, (b) acknowledge that reasonable controls and procedures have been implemented to preclude investment transactions conducted between the City and the business organization that are not authorized by the City's investment policy (except to the extent that this authorization is dependent on an analysis of the makeup of the City's entire portfolio or requires an interpretation of subjective investment standards), and (c) deliver a written statement in a form acceptable to the City and the business organization attesting to these requirements; (5) perform an annual audit of the management controls on investments and adherence to the City's investment policy; (6) provide specific investment training for the City's designated Investment Officer; (7) restrict reverse repurchase agreements to not more than 90 days and restrict the investment of reverse repurchase agreement funds to no greater than the term of the reverse purchase agreement; (8) restrict the investment in no-load mutual funds in the aggregate to no more than 15% of the City's monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service; (9) require local government investment pools to conform to the new disclosure, rating, net asset value, yield calculation, and advisory board requirements, and (10) at least annually review, revise, and adopt a list of qualified brokers that are authorized to engage in investment transactions with the City.

CURRENT INVESTMENTS*

TABLE 1

As of March 31, 2022, the City's investable funds in the amount of \$31,198,701 were invested in the following:

<u>Type of Investment</u>	<u>Amount</u>	<u>Percentage⁽²⁾</u>
U.S. Treasury and Agency Securities	\$3,348,476	10.73%
Municipal Bonds	1,017,199	3.26%
<u>TexPool⁽¹⁾</u>	<u>26,833,026</u>	<u>86.01%</u>
Total	\$31,198,701	100.00%

* Unaudited.

⁽¹⁾ TexPool is a governmental investment pool that operates as a money market equivalent. TexPool currently maintains an "AAA" rating from S&P Global Ratings and has an investment objective of achieving and maintaining a stable net asset value of \$1.00 per share. Daily investments or redemptions of funds are allowed by participants.

⁽²⁾ As of such date, the market value of such investments (as determined by the City by reference to published quotations, dealer bids, and comparable information) was approximately 100% of their book value. No funds of the City are invested in derivative securities, i.e., securities whose rate of return is determined by reference to some other instrument, index, or commodity.

The Texas State Comptroller of Public Accounts exercises oversight responsibility over the Texas Local Government Investment Pool ("TexPool"). Oversight includes the ability to significantly influence operations, designation of management and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed both of participants in TexPool and of the other persons who do not have a business relationship with TexPool. The advisory Board members review the investment policy and management fee structure. TexPool operates in a manner consistent with the SEC's Rule 2a-7 of the Investment Company Act of 1940. As such, TexPool uses amortized cost to report net assets and share prices since that amount approximates fair value.

DEFINED BENEFIT PENSION PLAN

Plan Description

The City participates as one of 895 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System ("TMRS"). TMRS is an agency created by the State and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code, as amended (the "TMRS Act") as an agent multiple-employer retirement system for municipal employees in the State. The TMRS Act places the general administration and management of the System with a six-member board of trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State.

TMRS's defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code of 1986, as amended (the "Code"). TMRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for TMRS; the report also provides detailed explanations of the contributions, benefits, and actuarial methods and assumptions used by the System. This report may be obtained at www.tmrs.com.

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

For more information related to the foregoing, see the City's most recent Annual Financial Report attached hereto as APPENDIX D.

AD VALOREM PROPERTY TAXATION

The following is a summary of certain provisions of State law as it relates to ad valorem taxation and is not intended to be complete. Reference is made to Title I of the Texas Tax Code, as amended (the "Property Tax Code"), for identification of property subject to ad valorem taxation, property exempt or which may be exempted from ad valorem taxation if claimed, the appraisal of property for ad valorem tax purposes, and the procedures and limitations applicable to the levy and collection of ad valorem taxes.

Valuation of Taxable Property

The Property Tax Code provides for countywide appraisal and equalization of taxable property values and establishes in each county of the State an appraisal district and an appraisal review board (the "Appraisal Review Board") responsible for appraising property for all taxing units within the county. The appraisal of property within the City is the responsibility of the Bexar Appraisal District (the "Appraisal District"). Except as generally described below, the Appraisal District is required to appraise all property within the Appraisal District on the basis of 100% of its market value and is prohibited from applying any assessment ratios. In determining market value of property, the Appraisal District is required to consider the cost method of appraisal, the income method of appraisal and the market data comparison method of appraisal, and use the method the chief appraiser of the Appraisal District considers most appropriate. The Property Tax Code requires appraisal districts to reappraise all property in its jurisdiction at least once every three (3) years. A taxing unit may require annual review at its own expense, and is entitled to challenge the determination of appraised value of property within the taxing unit by petition filed with the Appraisal Review Board.

State law requires the appraised value of an owner's principal residence ("homestead" or "homesteads") to be based solely on the property's value as a homestead, regardless of whether residential use is considered to be the highest and best use of the property. State law further limits the appraised value of a homestead to the lesser of (1) the market value of the property, or (2) 110% of the appraised value of the property for the preceding tax year plus the market value of all new improvements to the property.

State law provides that eligible owners of both agricultural land and open-space land, including open-space land devoted to farm or ranch purposes or open-space land devoted to timber production, may elect to have such property appraised for property taxation on the basis of its productive capacity. The same land may not be qualified as both agricultural and open-space land.

The appraisal values set by the Appraisal District are subject to review and change by the Appraisal Review Board. The appraisal rolls, as approved by the Appraisal Review Board, are used by taxing units, such as the City, in establishing their tax rolls and tax rates (see "AD VALOREM PROPERTY TAXATION – City and Taxpayer Remedies").

State Mandated Homestead Exemptions

State law grants, with respect to each taxing unit in the State, various exemptions for disabled veterans and their families, surviving spouses of members of the armed services killed in action and surviving spouses of first responders killed or fatally wounded in the line of duty.

Local Option Homestead Exemptions

The governing body of a taxing unit, including a city, county, school district, or special district, at its option may grant: (1) an exemption of up to 20% of the appraised value of all homesteads (but not less than \$5,000), and (2) an additional exemption of at least \$3,000 of the appraised value of the homesteads of persons sixty-five (65) years of age or older and the disabled. Each taxing unit decides if it will offer the local option homestead exemptions and at what percentage or dollar amount, as applicable. The exemption described in (2), above, may also be created, increased, decreased or repealed at an election called by the governing body of a taxing unit upon presentment of a petition for such creation, increase, decrease, or repeal of at least 20% of the number of qualified voters who voted in the preceding election of the taxing unit.

Local Option Freeze for the Elderly and Disabled

The governing body of a county, municipality or junior college district may, at its option, provide for a freeze on the total amount of ad valorem taxes levied on the homesteads of persons 65 years of age or older or of disabled persons above the amount of tax imposed in the year such residence qualified for such exemption. Also, upon voter initiative, an election may be held to determine by majority vote whether to establish such a freeze on ad valorem taxes. Once the freeze is established, the total amount of taxes imposed on such homesteads cannot be increased except for certain improvements, and such freeze cannot be repealed or rescinded.

Personal Property

Tangible personal property (furniture, machinery, supplies, inventories, etc.) used in the "production of income" is taxed based on the property's market value. Taxable personal property includes income-producing equipment and inventory. Intangibles such as goodwill, accounts receivable, and proprietary processes are not taxable. Tangible personal property not held or used for

production of income, such as household goods, automobiles or light trucks, and boats, is exempt from ad valorem taxation unless the governing body of a taxing unit elects to tax such property.

Freeport and Goods-In-Transit Exemptions

Certain goods that are acquired in or imported into the State to be forwarded outside the State, and are detained in the State for 175 days or less for the purpose of assembly, storage, manufacturing, processing or fabrication ("Freeport Property") are exempt from ad valorem taxation unless a taxing unit took official action to tax Freeport Property before April 1, 1990 and has not subsequently taken official action to exempt Freeport Property. Decisions to continue taxing Freeport Property may be reversed in the future; decisions to exempt Freeport Property are not subject to reversal.

Certain goods, that are acquired in or imported into the State to be forwarded to another location within or without the State, stored in a location that is not owned by the owner of the goods and are transported to another location within or without the State within 175 days ("Goods-in-Transit"), are generally exempt from ad valorem taxation; however, the Property Tax Code permits a taxing unit, on a local option basis, to tax Goods-in-Transit if the taxing unit takes official action, after conducting a public hearing, before January 1 of the first tax year in which the taxing unit proposes to tax Goods-in-Transit. Goods-in-Transit and Freeport Property do not include oil, natural gas or petroleum products, and Goods-in-Transit does not include aircraft or special inventories such as manufactured housing inventory, or a dealer's motor vehicle, boat, or heavy equipment inventory.

A taxpayer may receive only one of the Goods-in-Transit or Freeport Property exemptions for items of personal property.

Other Exempt Property

Other major categories of exempt property include property owned by the State or its political subdivisions if used for public purposes, property exempt by federal law, property used for pollution control, farm products owned by producers, property of nonprofit corporations used for scientific research or educational activities benefitting a college or university, designated historic sites, solar and wind-powered energy devices, and certain classes of intangible personal property.

Tax Increment Reinvestment Zones

A city or county, by petition of the landowners or by action of its governing body, may create one or more tax increment reinvestment zones ("TIRZ") within its boundaries. At the time of the creation of the TIRZ, a "base value" for the real property in the TIRZ is established and the difference between any increase in the assessed valuation of taxable real property in the TIRZ in excess of the base value is known as the "tax increment". During the existence of the TIRZ, all or a portion of the taxes levied against the tax increment by a city or county, and all other overlapping taxing units that elected to participate, are restricted to paying only planned project and financing costs within the TIRZ and are not available for the payment of other obligations of such taxing units.

Tax Abatement Agreements

Taxing units may also enter into tax abatement agreements to encourage economic development. Under the agreements, a property owner agrees to construct certain improvements on its property. The taxing unit, in turn, agrees not to levy a tax on all or part of the increased value attributable to the improvements until the expiration of the agreement. The abatement agreement could last for a period of up to 10 years.

Temporary Exemption for Qualified Property Damaged by a Disaster

The Property Tax Code provides for a temporary exemption from ad valorem taxation of a portion of the appraised value of certain property that is at least 15% damaged by a disaster and located within an area declared to be a disaster area by the Governor of the State. This temporary exemption is automatic if the disaster is declared prior to a taxing unit, such as the City, adopting its tax rate for the tax year. A taxing unit, such as the City, may authorize the exemption at its discretion if the disaster is declared after the taxing unit has adopted its tax rate for the tax year. The amount of the exemption is based on the percentage of damage and is prorated based on the date of the disaster. Upon receipt of an application submitted within the eligible timeframe by a person who qualifies for a temporary exemption under the Property Tax Code, the Appraisal District is required to complete a damage assessment and assign a damage assessment rating to determine the amount of the exemption. The temporary exemption amounts established by the Property Tax Code range from 15% for property less than 30% damaged to 100% for property that is a total loss. If a taxpayer qualifies for the exemption after the beginning of the tax year, the amount of the exemption is prorated based on the number of days left in the tax year following the day on which the Governor declares the area to be a disaster area. The governing body of the taxing unit is not required to take any action in order for the taxpayer to be eligible for the exception. For more information on the exemption, reference is made to Section 11.35, Texas Tax Code, as amended.

City and Taxpayer Remedies

Under certain circumstances, taxpayers and taxing units, including the City, may appeal the determinations of the Appraisal District by timely initiating a protest with the Appraisal Review Board. Additionally, taxing units such as the City may bring suit against the Appraisal District to compel compliance with the Property Tax Code.

Owners of certain property with a taxable value in excess of the current year “minimum eligibility amount”, as determined by the State Comptroller, and situated in a county with a population of one million or more, may protest the determinations of an appraisal district directly to a three-member special panel of the appraisal review board, appointed by the chairman of the appraisal review board, consisting of highly qualified professionals in the field of property tax appraisal. The minimum eligibility amount was set at \$50 million for the 2020 tax year, \$50.6 million for the 2021 tax year, \$52.9 million for the 2022 tax year, and is adjusted annually by the State Comptroller to reflect the inflation rate.

The Property Tax Code sets forth notice and hearing procedures for certain tax rate increases by the Appraisal District and provides for taxpayer referenda that could result in the repeal of certain tax increases (see “TAX RATE LIMITATIONS – Public Hearing and Maintenance and Operations Tax Rate Limitations”). The Property Tax Code also establishes a procedure for providing notice to property owners of reappraisals reflecting increased property value, appraisals which are higher than renditions, and appraisals of property not previously on an appraisal roll.

Levy and Collection of Taxes

The City is responsible for the collection of its taxes, unless it elects to transfer such functions to another governmental entity. Taxes are due October 1, or when billed, whichever comes later, and become delinquent after January 31 of the following year. A delinquent tax incurs a penalty of six percent (6%) of the amount of the tax for the first calendar month it is delinquent, plus one percent (1%) for each additional month or portion of a month the tax remains unpaid prior to July 1 of the year in which it becomes delinquent. If the tax is not paid by July 1 of the year in which it becomes delinquent, the tax incurs a total penalty of twelve percent (12%) regardless of the number of months the tax has been delinquent and incurs an additional penalty of up to twenty percent (20%) if imposed by the City. The delinquent tax also accrues interest at a rate of one percent (1%) for each month or portion of a month it remains unpaid. The Property Tax Code also makes provision for the split payment of taxes, discounts for early payment and the postponement of the delinquency date of taxes for certain taxpayers. Furthermore, the City may provide, on a local option basis, for the split payment, partial payment, and discounts for early payment of taxes under certain circumstances.

City’s Rights in the Event of Tax Delinquencies

Taxes levied by the City are a personal obligation of the owner of the property. On January 1 of each year, a tax lien attaches to property to secure the payment of all state and local taxes, penalties, and interest ultimately imposed for the year on the property. The lien exists in favor of each taxing unit, including the City, having power to tax the property. The City’s tax lien is on a parity with tax liens of such other taxing units. A tax lien on real property takes priority over the claim of most creditors and other holders of liens on the property encumbered by the tax lien, whether or not the debt or lien existed before the attachment of the tax lien; however, whether a lien of the United States is on a parity with or takes priority over a tax lien of the City is determined by applicable federal law. Personal property, under certain circumstances, is subject to seizure and sale for the payment of delinquent taxes, penalty, and interest.

At any time after taxes on property become delinquent, the City may file suit to foreclose the lien securing payment of the tax, to enforce personal liability for the tax, or both. In filing a suit to foreclose a tax lien on real property, the City must join other taxing units that have claims for delinquent taxes against all or part of the same property.

Collection of delinquent taxes may be adversely affected by the amount of taxes owed to other taxing units, adverse market conditions, taxpayer redemption rights, or bankruptcy proceedings which restrain the collection of a taxpayer’s debt.

Federal bankruptcy law provides that an automatic stay of actions by creditors and other entities, including governmental units, goes into effect with the filing of any petition in bankruptcy. The automatic stay prevents governmental units from foreclosing on property and prevents liens for post-petition taxes from attaching to property and obtaining secured creditor status unless, in either case, an order lifting the stay is obtained from the bankruptcy court. In many cases, post-petition taxes are paid as an administrative expense of the estate in bankruptcy or by order of the bankruptcy court.

Public Hearing and Maintenance and Operations Tax Rate Limitations

The following terms as used in this section have the meanings provided below:

“adjusted” means lost values are not included in the calculation of the prior year’s taxes and new values are not included in the current year’s taxable values.

“de minimis rate” means the maintenance and operations tax rate that will produce the prior year’s total maintenance and operations tax levy (adjusted) from the current year’s values (adjusted), plus the rate that produces an additional \$500,000 in tax revenue when applied to the current year’s taxable value, plus the debt service tax rate.

“no-new-revenue tax rate” means the combined maintenance and operations tax rate and debt service tax rate that will produce the prior year’s total tax levy (adjusted) from the current year’s total taxable values (adjusted).

“special taxing unit” means a city for which the maintenance and operations tax rate proposed for the current tax year is 2.5 cents or less per \$100 of taxable value.

“unused increment rate” means the cumulative difference between a city’s voter-approval tax rate and its actual tax rate for each of the tax years 2020 through 2022, which may be applied to a city’s tax rate in tax years 2021 through 2023 without impacting the voter-approval tax rate.

“voter-approval tax rate” means the maintenance and operations tax rate that will produce the prior year’s total maintenance and operations tax levy (adjusted) from the current year’s values (adjusted) multiplied by 1.035, plus the debt service tax rate, plus the “unused increment rate”.

The City’s tax rate consists of two components: (1) a rate for funding of maintenance and operations expenditures in the current year (the “maintenance and operations tax rate”), and (2) a rate for funding debt service in the current year (the “debt service tax rate”). Under State law, the assessor for the City must submit an appraisal roll showing the total appraised, assessed, and taxable values of all property in the City to the City Council by August 1 or as soon as practicable thereafter.

A city must annually calculate its voter-approval tax rate and no-new-revenue tax rate in accordance with forms prescribed by the State Comptroller and provide notice of such rates to each owner of taxable property within the city and the county tax assessor-collector for each county in which all or part of the city is located. A city must adopt a tax rate before the later of September 30 or the 60th day after receipt of the certified appraisal roll, except that a tax rate that exceeds the voter-approval tax rate must be adopted not later than the 71st day before the next occurring November uniform election date. If a city fails to timely adopt a tax rate, the tax rate is statutorily set as the lower of the no-new-revenue tax rate for the current tax year or the tax rate adopted by the city for the preceding tax year.

As described below, the Property Tax Code provides that if a city adopts a tax rate that exceeds its voter-approval tax rate or, in certain cases, its de minimis rate, an election must be held to determine whether or not to reduce the adopted tax rate to the voter-approval tax rate.

A city may not adopt a tax rate that exceeds the lower of the voter-approval tax rate or the no-new-revenue tax rate until each appraisal district in which such city participates has delivered notice to each taxpayer of the estimated total amount of property taxes owed and the city has held a public hearing on the proposed tax increase.

For cities with a population of 30,000 or more as of the most recent federal decennial census, if the adopted tax rate for any tax year exceeds the voter-approval tax rate, that city must conduct an election on the next occurring November uniform election date to determine whether or not to reduce the adopted tax rate to the voter-approval tax rate.

For cities with a population less than 30,000 as of the most recent federal decennial census, if the adopted tax rate for any tax year exceeds the greater of (i) the voter-approval tax rate or (ii) the de minimis rate, the city must conduct an election on the next occurring November uniform election date to determine whether or not to reduce the adopted tax rate to the voter-approval tax rate. However, for any tax year during which a city has a population of less than 30,000 as of the most recent federal decennial census and does not qualify as a special taxing unit, if a city’s adopted tax rate is equal to or less than the de minimis rate but greater than both (a) the no-new-revenue tax rate, multiplied by 1.08, plus the debt service tax rate or (b) the city’s voter-approval tax rate, then a valid petition signed by at least three percent of the registered voters in the city would require that an election be held to determine whether or not to reduce the adopted tax rate to the voter-approval tax rate.

Any city located at least partly within an area declared a disaster area by the Governor of the State or the President of the United States during the current year may calculate its voter-approval tax rate using a 1.08 multiplier, instead of 1.035, until the earlier of (i) the second tax year in which such city’s total taxable appraised value exceeds the taxable appraised value on January 1 of the year the disaster occurred, or (ii) the third tax year after the tax year in which the disaster occurred.

State law provides cities and counties in the State the option of assessing a maximum one-half percent (1/2%) sales and use tax on retail sales of taxable items for the purpose of reducing its ad valorem taxes, if approved by a majority of the voters in a local option election. If the additional sales and use tax for ad valorem tax reduction is approved and levied, the no-new-revenue tax rate and voter-approval tax rate must be reduced by the amount of the estimated sales tax revenues to be generated in the current tax year.

The calculations of the no-new-revenue tax rate and voter-approval tax rate do not limit or impact the City’s ability to set a debt service tax rate in each year sufficient to pay debt service on all of the City’s tax-supported debt obligations, including the Bonds.

Reference is made to the Property Tax Code for definitive requirements for the levy and collection of ad valorem taxes and the calculation of the various defined tax rates.

Debt Tax Rate Limitations

The State constitution and the City Charter provide that the ad valorem taxes levied by the City for general purposes and for the purpose of paying the principal of and interest on the City’s indebtedness must not exceed \$2.50 for each \$100 of assessed valuation of taxable property. There is no constitutional or statutory limitation within the \$2.50 rate for interest and sinking fund purposes; however, the Texas Attorney General, who must approve the issuance of the Bonds, has adopted an administrative

policy that prohibits the issuance of debt by a municipality, such as the City, if its issuance produces debt service requirements exceeding that which can be paid from \$1.50 of the foregoing \$2.50 maximum tax rate calculated at 90% collections. The issuance of the Bonds does not result in the City's violation of the foregoing.

CITY APPLICATION OF THE PROPERTY TAX CODE

The City grants an exemption of \$10,000 to the appraised value of the residence homestead of persons 65 years of age or older.

The City does not grant the additional up to 20% of the appraised value of residence homesteads.

The City taxes only business personal property.

The City collects its own property taxes and does not allow discounts.

The City permits split payment of taxes.

The City does not grant an exemption for Goods-in-Transit.

The City does not tax freeport property.

The City does not currently participate in any TIRZ.

The City currently has three tax abatement agreements, each of which are described more fully in Note 15 of APPENDIX D hereto.

ADDITIONAL TAX COLLECTIONS

Municipal Sales Tax Collections

The City has adopted the provisions of Chapter 321 of the Tax Code, as amended, which provides for the maximum levy of a one percent sales tax which may be used by the City for any lawful purpose, except that the City may not pledge any of the anticipated sales tax revenue to secure the payment of obligations or other indebtedness.

Optional Sales Tax

The Tax Code provides certain cities and counties the option of assessing a maximum one-half percent (1/2%) sales tax on retail sales of taxable items for the purpose of reducing its ad valorem taxes, if approved by a majority of the voters in a local option election. If the additional tax is approved and levied, the ad valorem property tax levy must be reduced by the amount of the estimated sales tax revenues to be generated in the current year. Further the Tax Code provides certain cities the option of assessing a maximum one-half percent (1/2%) sales tax on retail sales of taxable items for economic development purposes, if approved by a majority of the voters in a local option election.

The City collects an additional one-half of one percent sales tax for reduction of ad valorem taxes and one-half of one percent sales tax for economic development purposes.

TAX MATTERS

Opinion

On the date of initial delivery of the Bonds, McCall, Parkhurst & Horton L.L.P., Bond Counsel to the City, will render its opinion that, in accordance with statutes, regulations, published rulings, and court decisions existing on the date thereof ("Existing Law"), (1) interest on the Bonds for federal income tax purposes will be excludable from the "gross income" of the holders thereof and (2) the Bonds will not be treated as "specified private activity bonds" the interest on which would be included as an alternative minimum tax preference item under section 57(a)(5) of the Code. Except as stated above, Bond Counsel to the City will express no opinion as to any other federal, state, or local tax consequences of the purchase, ownership or disposition of the Bonds. See "APPENDIX C – FORM OF LEGAL OPINION OF BOND COUNSEL".

In rendering its opinion, Bond Counsel to the City will rely upon (a) the City's federal tax certificate, and (b) covenants of the City with respect to arbitrage, the application of the proceeds to be received from the issuance and sale of the Bonds and certain other matters. Failure of the City to comply with these representations or covenants could cause the interest on the Bonds to become includable in gross income retroactively to the date of issuance of the Bonds.

The Code and the regulations promulgated thereunder contain a number of requirements that must be satisfied subsequent to the issuance of the Bonds in order for interest on the Bonds to be, and to remain, excludable from gross income for federal income tax purposes. Failure to comply with such requirements may cause interest on the Bonds to be included in gross income retroactively to the date of issuance of the Bonds. The opinion of Bond Counsel to the City is conditioned on compliance by the

City with the covenants and the requirements described in the preceding paragraph, and Bond Counsel to the City has not been retained to monitor compliance with these requirements subsequent to the issuance of the Bonds.

Bond Counsel's opinion represents its legal judgment based upon its review of Existing Law and the reliance on the aforementioned information, representations and covenants. Bond Counsel's opinion is not a guarantee of a result. The Existing Law is subject to change by the Congress and to subsequent judicial and administrative interpretation by the courts and the Department of the Treasury. There can be no assurance that such Existing Law or the interpretation thereof will not be changed in a manner which would adversely affect the tax treatment of the purchase, ownership or disposition of the Bonds.

A ruling was not sought from the Internal Revenue Service by the City with respect to the Bonds or the facilities financed or refinanced with the proceeds of the Bonds. Bond Counsel's opinion represents its legal judgment based upon its review of Existing Law and the representations of the City that it deems relevant to render such opinion and is not a guarantee of a result. No assurances can be given as to whether the Internal Revenue Service will commence an audit of the Bonds, or as to whether the Internal Revenue Service would agree with the opinion of Bond Counsel. If an audit is commenced, under current procedures the Internal Revenue Service is likely to treat the City as the taxpayer and the Bondholders may have no right to participate in such procedure. No additional interest will be paid upon any determination of taxability.

Federal Income Tax Accounting Treatment of Original Issue Discount

The initial public offering price to be paid for one or more maturities of the Bonds may be less than the principal amount thereof or one or more periods for the payment of interest on the Bonds may not be equal to the accrual period or be in excess of one year (the "Original Issue Discount Bonds"). In such event, the difference between (i) the "stated redemption price at maturity" of each Original Issue Discount Bond, and (ii) the initial offering price to the public of such Original Issue Discount Bond would constitute original issue discount. The "stated redemption price at maturity" means the sum of all payments to be made on the Bonds less the amount of all periodic interest payments. Periodic interest payments are payments which are made during equal accrual periods (or during any unequal period if it is the initial or final period) and which are made during accrual periods which do not exceed one year.

Under Existing Law, any owner who has purchased such Original Issue Discount Bond in the initial public offering is entitled to exclude from gross income (as defined in section 61 of the Code) an amount of income with respect to such Original Issue Discount Bond equal to that portion of the amount of such original issue discount allocable to the accrual period. For a discussion of certain collateral federal tax consequences, see discussion set forth below.

In the event of the redemption, sale or other taxable disposition of such Original Issue Discount Bond prior to stated maturity, however, the amount realized by such owner in excess of the basis of such Original Issue Discount Bond in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Original Issue Discount Bond was held by such initial owner) is includable in gross income.

Under Existing Law, the original issue discount on each Original Issue Discount Bond is accrued daily to the stated maturity thereof (in amounts calculated as described below for each six-month period ending on the date before the semiannual anniversary dates of the date of the Bonds and ratably within each such six-month period) and the accrued amount is added to an initial owner's basis for such Original Issue Discount Bond for purposes of determining the amount of gain or loss recognized by such owner upon the redemption, sale or other disposition thereof. The amount to be added to basis for each accrual period is equal to (a) the sum of the issue price and the amount of original issue discount accrued in prior periods multiplied by the yield to stated maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) less (b) the amounts payable as current interest during such accrual period on such Original Issue Discount Bond.

The federal income tax consequences of the purchase, ownership, redemption, sale or other disposition of Original Issue Discount Bonds which are not purchased in the initial offering at the initial offering price may be determined according to rules which differ from those described above. All owners of Original Issue Discount Bonds should consult their own tax advisors with respect to the determination for federal, state, and local income tax purposes of the treatment of interest accrued upon redemption, sale or other disposition of such Original Issue Discount Bonds and with respect to the federal, state, local, and foreign tax consequences of the purchase, ownership, redemption, sale or other disposition of such Original Issue Discount Bonds.

Collateral Federal Income Tax Consequences

The following discussion is a summary of certain collateral federal income tax consequences resulting from the purchase, ownership or disposition of the Bonds. This discussion is based on Existing Law, which is subject to change or modification, retroactively.

The following discussion is applicable to investors, other than those who are subject to special provisions of the Code, such as financial institutions, property and casualty insurance companies, life insurance companies, individual recipients of Social Security or Railroad Retirement benefits, individuals allowed an earned income credit, certain S corporations with Subchapter C earnings

and profits, foreign corporations subject to the branch profits tax, taxpayers qualifying for the health insurance premium assistance credit, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase tax-exempt obligations.

THE DISCUSSION CONTAINED HEREIN MAY NOT BE EXHAUSTIVE. INVESTORS, INCLUDING THOSE WHO ARE SUBJECT TO SPECIAL PROVISIONS OF THE CODE, SHOULD CONSULT THEIR OWN TAX ADVISORS AS TO THE TAX TREATMENT WHICH MAY BE ANTICIPATED TO RESULT FROM THE PURCHASE, OWNERSHIP AND DISPOSITION OF TAX-EXEMPT OBLIGATIONS BEFORE DETERMINING WHETHER TO PURCHASE THE BONDS.

Under section 6012 of the Code, holders of tax-exempt obligations, such as the Bonds, may be required to disclose interest received or accrued during each taxable year on their returns of federal income taxation.

Section 1276 of the Code provides for ordinary income tax treatment of gain recognized upon the disposition of a tax-exempt obligation, such as the Bonds, if such obligation was acquired at a "market discount" and if the fixed maturity of such obligation is equal to, or exceeds, one year from the date of issue. Such treatment applies to "market discount bonds" to the extent such gain does not exceed the accrued market discount of such Bonds; although for this purpose, a de minimis amount of market discount is ignored. A "market discount bond" is one which is acquired by the holder at a purchase price which is less than the stated redemption price at maturity or, in the case of a bond issued at an original issue discount, the "revised issue price" (i.e., the issue price plus accrued original issue discount). The "accrued market discount" is the amount which bears the same ratio to the market discount as the number of days during which the holder holds the obligation bears to the number of days between the acquisition date and the final maturity date.

State, Local, and Foreign Taxes

Investors should consult their own tax advisors concerning the tax implications of the purchase, ownership or disposition of the Bonds under applicable state or local laws. Foreign investors should also consult their own tax advisors regarding the tax consequences unique to investors who are not United States persons.

Information Reporting and Backup Withholding

Subject to certain exceptions, information reports describing interest income, including original issue discount, with respect to the Bonds will be sent to each registered holder and to the Internal Revenue Service. Payments of interest and principal may be subject to backup withholding under section 3406 of the Code if a recipient of the payments fails to furnish to the payor such owner's social security number or other taxpayer identification number ("TIN"), furnishes an incorrect TIN, or otherwise fails to establish an exemption from the backup withholding tax. Any amounts so withheld would be allowed as a credit against the recipient's federal income tax. Special rules apply to partnerships, estates and trusts, and in certain circumstances, and in respect of Non-U.S. Holders, certifications as to foreign status and other matters may be required to be provided by partners and beneficiaries thereof.

Future and Proposed Legislation

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the Bonds under federal or state law and could affect the market price or marketability of the Bonds. Any such proposal could limit the value of certain deductions and exclusions, including the exclusion for tax-exempt interest. The likelihood of any such proposal being enacted cannot be predicted. Prospective purchasers of the Bonds should consult their own tax advisors regarding the foregoing matters.

CONTINUING DISCLOSURE OF INFORMATION

In the Ordinance, the City makes the following agreement for the benefit of the holders and beneficial owners of the Bonds. The City is required to observe the following agreement for the benefit of the registered and beneficial owners of the Bonds. Under the agreement, the City will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified events, to the Municipal Securities Rulemaking Board (the "MSRB"). This information will be publicly available on the MSRB's Electronic Municipal Market Access System at www.emma.msrb.org.

Annual Reports

Under Texas law, including, but not limited to, Chapter 103, Texas Local Government Code, as amended, the Issuer must keep its fiscal records in accordance with generally accepted accounting principles, must have its financial accounts and records audited by a certified public accountant and must file each audit report within 180 days after the close of the Issuer's fiscal year. The Issuer's fiscal records and audit reports are available for public inspection during the regular business hours, and the Issuer is required to provide a copy of the Issuer's audit reports to any bondholder or other member of the public within a reasonable time on request upon payment of charges prescribed by the Texas General Services Commission.

The City will file certain updated financial information and operating data with the MSRB annually. The information to be updated includes all quantitative financial information and operating data with respect to the City of the general type included in this Official Statement in Table 1 hereof, Tables 1 through 14 and 16 through 19 in APPENDIX A to this Official Statement, and in

APPENDIX D. The Issuer will update and provide this information within six months after the end of each fiscal year of the City beginning in the year 2022. The City will provide the updated information to the MSRB in an electronic format, which will be available through EMMA to the general public without charge.

The Issuer may provide updated information in full text or may incorporate by reference certain other publicly available documents, as permitted by SEC Rule 15c2-12 (the "Rule"). The updated information will include audited financial statements for the Issuer, if the Issuer commissions an audit and it is completed by the required time. If audited financial statements are not available by that time, the Issuer will provide by the required time unaudited financial statements for the applicable fiscal year to the MSRB with the financial information and operating data and will file the annual audit report when and if the same becomes available. Any such financial statements will be prepared in accordance with the accounting principles described in the Issuer's annual financial statements or such other accounting principles as the Issuer may be required to employ from time to time pursuant to State law or regulation.

The Issuer's current fiscal year end is September 30. Accordingly, it must provide updated information by the end of March in each year following end of its fiscal year, unless the Issuer changes its fiscal year. If the Issuer changes its fiscal year, it will notify the MSRB through EMMA of the change.

Event Notices

The City will provide timely notices of certain events to the MSRB, but in no event will such notices be provided to the MSRB in excess of ten business days after the occurrence of an event. The City will provide notice of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds; (7) modifications to rights of Beneficial Owners of the Bonds, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the City or other obligated person within the meaning of the Rule; (13) consummation of a merger, consolidation, or acquisition involving the City or other obligated person within the meaning of the Rule or the sale of all or substantially all of the assets of the City or other obligated person within the meaning of the Rule, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of an definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a financial obligation of the City (as defined by the Rule, which includes certain debt, debt-like, and debt related obligations), if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the City, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the City, any of which reflect financial difficulties. In the Ordinance, the City adopted policies and procedures to ensure timely compliance of its continuing disclosure undertakings. Neither the Bonds nor the Ordinance make any provision for liquidity enhancement, debt service reserves as additional security for the Bonds, or credit enhancement. In addition, the City will provide timely notice of any failure by the City to provide information, data, or financial statements in accordance with its agreement described above under "Annual Reports".

For these purposes, (a) any event described in clause (12) of the immediately preceding paragraph is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the City in a proceeding under the United States Bankruptcy Code or in any other proceeding under the state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City, and (b) the City intends the words used in the immediately preceding clauses (15) and (16) and in the definition of Financial Obligation above to have the meanings ascribed to them in SEC Release No. 34-83885 dated August 20, 2018.

Availability of Information from the MSRB

All information and documentation filing required to be made by the City in accordance with its undertaking made for the Bonds will be made with the MSRB in electronic format in accordance with MSRB guidelines. Access to such filings will be provided, without charge to the general public, by the MSRB.

Limitations and Amendments

The City has agreed to update information and to provide notices of certain events only as described above. The City has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above. The City makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell obligations at any future date. The City disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement or from any statement made pursuant to its agreement, although holders of Bonds may seek a writ of mandamus to compel the City to comply with its agreement.

The City may amend its continuing disclosure agreement from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the City, if (i) the agreement, as amended, would have permitted an underwriter to purchase or sell Bonds in the offering described herein in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (ii) either (a) the holders of a majority in aggregate principal amount of the outstanding Bonds consent to the amendment or (b) any person unaffiliated with the City (such as nationally recognized Bond Counsel) determines that the amendment will not materially impair the interests of the holders and beneficial owners of the Bonds. The City may also amend or repeal the provisions of this continuing disclosure agreement if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Bonds in the primary offering of the Bonds.

If the City so amends the agreement, it has agreed to include with the next financial information and operating data provided in accordance with its agreement described above under "Annual Reports" an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information and operating data so provided.

Compliance with Prior Agreements

During the past five years the City has complied in all material respects with its continuing disclosure agreements entered into pursuant to the Rule.

OTHER PERTINENT INFORMATION

Registration and Qualification of Bonds for Sale

The sale of the Bonds has not been registered under the Federal Securities Act of 1933, as amended, in reliance upon the exemption provided thereunder by Section 3(a)(2), and the Bonds have not been qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Bonds been qualified under the securities acts of any jurisdiction. The Issuer assumes no responsibility for qualification of the Bonds under the securities laws of any jurisdiction in which the Bonds may be sold, assigned, pledged, hypothecated, or otherwise transferred. This disclaimer of responsibility for qualification for sale or other disposition of the Bonds shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration provisions.

It is the obligation of the Underwriters to register or qualify the sale of the Bonds under the securities laws of any jurisdiction which so requires. The City agrees to cooperate, at the Underwriters' written request and sole expense, in registering or qualifying the Bonds or in obtaining an exemption from registration or qualification in any state where such action is necessary; provided, however, that the City shall not be required to qualify as a foreign corporation or to execute a general or special consent to service of process in any jurisdiction.

Litigation

In the opinion of the City staff, the Issuer is not a party to any litigation or other proceeding pending or to its knowledge, threatened, in any court, agency or other administrative body (either state or federal) which, if decided adversely to the Issuer, would have a material adverse effect on the financial condition of the City.

Legal Investments and Eligibility to Secure Public Funds in Texas

Section 1201.041 of the Public Security Procedures Act (Chapter 1201, Texas Government Code, as amended) provides that the Bonds are negotiable instruments governed by Chapter 8, Texas Business and Commerce Code, as amended, and are real and authorized investments for insurance companies, fiduciaries, and trustees, and for the sinking funds of municipalities or other political subdivisions or public agencies of the State. With respect to investment in the Bonds by municipalities or other political subdivisions or public agencies of the State, the PFIA requires that the Bonds be assigned a rating of not less than "A" or its equivalent as to investment quality by a national rating agency. See "OTHER PERTINENT INFORMATION – Rating" herein. In addition, various provisions of the Texas Finance Code provide that, subject to a prudent investor standard, the Bonds are legal investments for state banks, savings banks, trust companies with capital of one million dollars or more, and savings and loan associations. The Bonds are eligible to secure deposits of any public funds of the State, its agencies, and its political subdivision, and are legal security for those deposits to the extent of their fair market value. No review by the City has been made of the laws in other states to determine whether the Bonds are legal investments for various institutions in those states.

No representation is made that the Bonds will be acceptable to public entities to secure their deposits or acceptable to such institutions for investment purposes. The City has made no investigation of other laws, rules, regulations or investment criteria which might apply to any such persons or entities or which might otherwise limit the suitability of the Bonds for any of the foregoing purposes or limit the authority of such persons or entities to purchase or invest in the Bonds for such purposes.

Legal Opinions and No-Litigation Certificate

The Issuer will furnish the Underwriters with a complete transcript of proceedings incident to the authorization and issuance of the Bonds, including the unqualified approving legal opinion of the Attorney General of the State to the effect that the Initial Bond is a

valid and legally binding obligation of the Issuer, and based upon examination of such transcript of proceedings, the approval of certain legal matters by Bond Counsel, to the effect that the Bonds, issued in compliance with the provisions of the Ordinance, are valid and legally binding obligations of the Issuer and, subject to the qualifications set forth herein under "TAX MATTERS", the interest on the Bonds is exempt from federal income taxation under existing statutes, published rulings, regulations, and court decisions. Though it represents the Financial Advisor and the Underwriters from time to time in matters unrelated to the issuance of the Bonds, Bond Counsel was engaged by, and only represents, the City in connection with the issuance of the Bonds. In its capacity as Bond Counsel, McCall, Parkhurst & Horton L.L.P., San Antonio, Texas has reviewed (except for numerical, statistical, or technical data) the information under the captions and subcaptions "PLAN OF FINANCING – Purpose of Bonds", "THE BONDS" (except for the last paragraph under the subcaption "Notice of Redemption" and information under the subcaptions "Payment Record" and "Default and Remedies", as to which no opinion is expressed), "REGISTRATION, TRANSFER, AND EXCHANGE", "TAX MATTERS", "OTHER PERTINENT INFORMATION – Legal Investments and Eligibility to Secure Public Funds in Texas", "OTHER PERTINENT INFORMATION – Registration and Qualification of Bonds for Sale", "LEGAL MATTERS – Legal Opinions and No-Litigation Certificate" (except for the last sentence of the first paragraph thereof, as to which no opinion is expressed), and "CONTINUING DISCLOSURE OF INFORMATION" (except for the information under the subcaption "Compliance with Prior Agreements", as to which no opinion is expressed) and, in the opinion of Bond Counsel, such information in all material respects accurately and fairly reflects the provisions of the Bonds and the Ordinance and the discussion of applicable law contained in such captions or subcaptions. The customary closing papers, including a certificate to the effect that no litigation of any nature has been filed or is then pending to restrain the issuance and delivery of the Bonds or which would affect the provision made for their payment or security, or in any manner questioning the validity of the Bonds will also be furnished. The legal fees to be paid Bond Counsel for services rendered in connection with the issuance of the Bonds are contingent on the sale and delivery of the Bonds. Certain legal matters will be passed upon for the Underwriters by their counsel, Cantu Harden LLP, San Antonio, Texas, whose fees are contingent on the sale and delivery of the Bonds.

The various legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of the expression of professional judgment, of the transaction opined upon, or of the future performance of the parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise from the transaction.

Rating

Moody's Investors Service, Inc. ("Moody's") has assigned a rating of "Aa3" to the Bonds. An explanation of the significance of such rating may be obtained from Moody's. The rating reflects only the view of such organization and the City makes no representation as to the appropriateness of the rating. There is no assurance that the rating of the City will continue for any given period of time or that it will not be revised downward or withdrawn entirely if in the judgment of this company, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds. A securities' rating is not a recommendation to buy, sell, or hold securities.

Financial Advisor

Frost Bank is employed as the Financial Advisor to the Issuer in connection with the issuance of the Bonds. In this capacity, the Financial Advisor has compiled certain data relating to the Bonds and has assisted in drafting this Official Statement. The Financial Advisor has not independently verified any of the data contained herein or conducted a detailed investigation of the affairs of the Issuer to determine the accuracy or completeness of this Official Statement. Because of its limited participation, the Financial Advisor assumes no responsibility for the accuracy or completeness of any of the information contained herein. The fees for Financial Advisor are contingent upon the issuance, sale, and delivery of the Bonds.

The Financial Advisor has provided the following sentence for inclusion in this Official Statement. The Financial Advisor has reviewed the information in this Official Statement in accordance with its responsibilities to the City and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Financial Advisor does not guarantee the accuracy or completeness of such information.

Underwriting

The Underwriters have agreed, subject to certain conditions, to purchase the Bonds from the City, at a price equal to the initial offering prices to the public, as shown on page ii of this Official Statement, less an underwriting discount of \$104,535.25, and no accrued interest. The Underwriters will be obligated to purchase all of the Bonds, if any Bonds are purchased. The Bonds to be offered to the public may be offered and sold to certain dealers (including the Underwriters and other dealers depositing Bonds into investment trusts) at prices lower than the public offering prices of such Bonds, and such public offering prices may be changed, from time to time, by the Underwriters.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement pursuant to their responsibilities to investors under the federal securities laws, but the Underwriters do not guarantee the accuracy or completeness of such information.

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APPENDIX A

FINANCIAL INFORMATION OF THE ISSUER

(This appendix contains quantitative financial information and operating data with respect to the Issuer. The information is only a partial representation and does not purport to be complete. For further and more complete information, reference should be made to the original documents, which can be obtained from various sources, as noted.)

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APPENDIX A

FINANCIAL INFORMATION OF THE CITY

TABLE 1

2021 Actual Market Value of Taxable Property		\$1,914,401,208
(excluding exempt property)		
Less Exemptions/Reductions at 100% Market Value:		
Local, Optional Over-65 and/or Disabled Homestead Exemptions	\$169,799,779	
Disabled and Deceased Veteran's Exemptions	59,924,871	
Open-Space Land and Timberland	0	
10% Per Year Cap on Residential Homestead	6,401,408	
State Mandated Exemptions	55,439,790	291,565,848
2021/22 Net Taxable Assessed Valuation		\$1,622,835,360

(1) See "AD VALOREM TAX PROCEDURES" in the body of the Official Statement for a description of the City's taxation procedures. Source: The Bexar Appraisal District, the State Comptroller's Office, Property Tax Division and information supplied by the City.

GENERAL OBLIGATION BONDED DEBT

TABLE 2

General Obligation Debt Outstanding:

General Obligation Refunding Bonds, Series 2010		\$ 365,000
General Obligations and Refunding Bonds, Series 2014		11,030,000
The Bonds		16,490,000
Total General Obligation Debt Outstanding		\$ 27,885,000
Less: Self-Supporting Debt ⁽¹⁾	\$ 9,249,316	
Interest and Sinking Fund	438,401	9,687,717
Net General Obligation Debt Outstanding ⁽²⁾		\$ 18,197,283

2021 Net Taxable Assessed Valuation ⁽³⁾		\$ 1,622,835,360
Ratio of Total Debt to Taxable Assessed Valuation		1.72%
Ratio of Net Debt to Taxable Assessed Valuation		1.12%
Population		17,749
Per Capita Net Taxable Assessed Valuation		\$ 91,432
Per Capita Total Debt		\$ 1,571
Per Capita Net Debt		\$ 1,025

(1) A portion of the 2014 General Obligation and Refunding Bonds are payable from water and sewer revenue. The 2010 General Obligation Refunding Bonds, a portion of the 2014 General Obligation and Refunding Bonds, and a portion of the Bonds (43% of total debt service) are payable from sales taxes collected by the City of Live Oak Economic Development Corporation (the "Corporation"). The City and the Corporation have entered into an interlocal agreement that requires the Corporation to transfer to the City the amount of sales tax revenues that will be equivalent to the debt service requirements on the obligations.

(2) As of June 1, 2022.

(3) See "AD VALOREM TAX PROCEDURES" in the body of the Official Statement for a description of the City's taxation procedures.

DEBT OBLIGATIONS - CAPITAL LEASE AND NOTES PAYABLE

TABLE 3

These bonds are issued pursuant to authorization approved at an election held on May 7, 2022. After issuance of the Bonds, the City will have no authorized but unissued indebtedness.

GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS

TABLE 4

Period Ending 9/30	Outstanding Debt			The Bonds			Total Debt Service	Less: Self-Supporting Debt Service ⁽¹⁾	Net Debt Service	Percent of Principal Retired
	Principal	Interest	Total	Principal	Interest	Total				
2022	\$ 1,870,000	\$ 452,385	\$ 2,322,385	\$ -	\$ -	\$ -	\$ 2,322,385	\$ 909,729	1,412,656	
2023	1,565,000	381,000	1,946,000	515,000	771,271	1,286,271	3,232,271	1,089,242	2,143,030	
2024	1,625,000	318,400	1,943,400	525,000	763,050	1,288,050	3,231,450	1,086,764	2,144,687	
2025	850,000	253,400	1,103,400	550,000	736,800	1,286,800	2,390,200	917,324	1,472,876	
2026	520,000	219,400	739,400	580,000	709,300	1,289,300	2,028,700	554,399	1,474,301	
2027	540,000	198,600	738,600	605,000	680,300	1,285,300	2,023,900	552,679	1,471,221	34.95%
2028	560,000	177,000	737,000	635,000	650,050	1,285,050	2,022,050	552,572	1,469,479	
2029	585,000	154,600	739,600	670,000	618,300	1,288,300	2,027,900	553,969	1,473,931	
2030	605,000	131,200	736,200	705,000	584,800	1,289,800	2,026,000	554,614	1,471,386	
2031	630,000	107,000	737,000	735,000	549,550	1,284,550	2,021,550	552,357	1,469,194	
2032	655,000	81,800	736,800	775,000	512,800	1,287,800	2,024,600	553,754	1,470,846	58.45%
2033	680,000	55,600	735,600	815,000	474,050	1,289,050	2,024,650	554,292	1,470,359	
2034	710,000	28,400	738,400	855,000	433,300	1,288,300	2,026,700	553,969	1,472,731	
2035			-	895,000	390,550	1,285,550	1,285,550	552,787	732,764	
2036			-	940,000	345,800	1,285,800	1,285,800	552,894	732,906	
2037			-	990,000	298,800	1,288,800	1,288,800	554,184	734,616	79.56%
2038			-	1,040,000	249,300	1,289,300	1,289,300	554,399	734,901	
2039			-	1,090,000	197,300	1,287,300	1,287,300	553,539	733,761	
2040			-	1,145,000	142,800	1,287,800	1,287,800	553,754	734,046	
2041			-	1,190,000	97,000	1,287,000	1,287,000	553,410	733,590	
2042			-	1,235,000	49,400	1,284,400	1,284,400	552,292	732,108	100.00%
	<u>\$ 11,395,000</u>	<u>\$ 2,558,785</u>	<u>\$ 13,953,785</u>	<u>\$ 16,490,000</u>	<u>\$ 9,254,521</u>	<u>\$ 25,744,521</u>	<u>\$ 39,698,306</u>	<u>\$ 13,412,920</u>	<u>\$ 26,285,386</u>	

(1) See Footnote (1) to Table 2.

TAX ADEQUACY

TABLE 5

2021 Net Taxable Assessed Valuation	\$ 1,622,835,360
FY 2022 Principal and Interest Requirements ⁽¹⁾	1,412,656
Interest and Sinking Fund Tax Rate	0.0965
Interest and Sinking Fund Tax Levy at 97% Collections	1,519,055

(1) Excludes self-supporting debt service. Includes the Bonds.

GENERAL OBLIGATION PRINCIPAL REPAYMENT SCHEDULE

TABLE 6

Period Ending 9/30 ⁽¹⁾	Outstanding Principal Repayment ⁽¹⁾	Obligations Outstanding End of Year ⁽¹⁾	Percent of Principal Retired (%)
2022	\$ 1,870,000	\$ 26,015,000	
2023	2,080,000	23,935,000	
2024	2,150,000	21,785,000	
2025	1,400,000	20,385,000	
2026	1,100,000	19,285,000	
2027	1,145,000	18,140,000	34.95%
2028	1,195,000	16,945,000	
2029	1,255,000	15,690,000	
2030	1,305,000	14,385,000	
2031	1,370,000	13,015,000	
2032	1,430,000	11,585,000	58.45%
2033	1,495,000	10,090,000	
2034	1,565,000	8,525,000	
2035	895,000	7,630,000	
2036	940,000	6,690,000	
2037	990,000	5,700,000	79.56%
2038	1,040,000	4,660,000	
2039	1,090,000	3,570,000	
2040	1,145,000	2,425,000	
2041	1,190,000	1,235,000	
2042	1,235,000	-	100.00%
	<u>\$ 27,885,000</u>		

(1) Includes the Bonds.

NET TAXABLE ASSESSED VALUATION FOR TAX YEARS 2012-2021⁽¹⁾

TABLE 7

Year	Net Taxable Assessed Valuation	Change from Preceding Year	
		Amount(\$)	Percent(%)
2012	856,156,984	43,314,947	5.33%
2013	915,301,654	59,144,670	6.91%
2014	968,468,534	53,166,880	5.81%
2015	1,107,713,318	139,244,784	14.38%
2016	1,217,218,698	109,505,380	9.89%
2017	1,274,749,765	57,531,067	4.73%
2018	1,351,127,274	76,377,509	5.99%
2019	1,482,497,427	131,370,153	9.72%
2020	1,581,653,227	99,155,800	6.69%
2021	1,622,835,360	41,182,133	2.60%

Source: Texas Municipal Report published by the Municipal Advisory Council of Texas, the Bexar Appraisal District and information supplied by the City.

(1) 2022 preliminary net taxable values totaled \$1,693,653,599 as of April 26, 2022.

CLASSIFICATION OF ASSESSED VALUATION

TABLE 8

	TY2021	%of Total	TY2020	%of Total	TY2019	%of Total	TY2018	%of Total	TY2017	%of Total
Real, Residential, Single Family	\$ 912,194,084	47.65%	\$ 849,444,818	45.95%	\$ 789,811,210	45.77%	\$ 738,304,927	46.95%	\$ 705,491,365	47.72%
Real, Residential, Multi-Family	240,237,010	12.55%	217,514,150	11.77%	201,724,930	11.69%	176,673,020	11.23%	176,965,910	11.97%
Real, Vacant Lots/Tracts	35,898,329	1.88%	33,028,748	1.79%	36,412,652	2.11%	27,222,633	1.73%	30,623,044	2.07%
Real, Acreage (Land Only)	13,634,090	0.71%	20,896,920	1.13%	25,386,530	1.47%	26,693,380	1.70%	20,500,300	1.39%
Real, Commercial	512,151,999	26.75%	529,366,717	28.63%	503,564,756	29.18%	460,367,096	29.27%	418,560,892	28.31%
Real & Tangible, Personal Utilities	2,730,276	0.14%	2,760,345	0.15%	2,847,350	0.16%	3,071,140	0.20%	2,817,358	0.19%
Tangible, Personal Commercial	113,097,306	5.91%	118,226,166	6.39%	108,577,728	6.29%	87,868,708	5.59%	88,289,156	5.97%
Tangible, Personal Industrial	1,178,170	0.06%	1,074,486	0.06%	1,011,732	0.06%	1,433,244	0.09%	2,010,197	0.14%
Tangible, Personal, Mobile Homes	156,160	0.01%	162,530	0.01%	170,170	0.01%	182,420	0.01%	183,350	0.01%
Real Property, Inventory	3,862,310	0.20%	4,308,680	0.23%	-	0.00%	-	0.00%	131,200	0.01%
Special Inventory Tax	24,181,960	1.26%	27,048,440	1.46%	24,706,880	1.43%	27,079,270	1.72%	22,593,620	1.53%
Total Exempt Property	55,079,514	2.88%	44,956,213	2.43%	31,491,646	1.82%	23,767,846	1.51%	10,273,112	0.69%
Total Appraised Value	\$ 1,914,401,208	100.00%	\$ 1,848,788,213	100.00%	\$ 1,725,705,584	100.00%	\$ 1,572,663,684	100.00%	\$ 1,478,439,504	100.00%
Less:										
Local, Optional Over-65 or Disabled Exemptions	169,799,779		161,870,055		156,168,006		148,236,345		140,215,579	
Disabled and Deceased Veterans' Exemptions	59,924,871		52,405,446		47,226,196		41,743,712		36,367,217	
10% per Year Cap on Residential Homesteads	6,401,408		7,916,313		8,455,643		8,679,081		15,830,824	
State mandated exemptions	55,439,790		44,943,172		31,358,312		22,877,272		9,797,903	
Freeze Loss	138,769,587		121,377,507		106,889,608		92,026,905		80,416,475	
Freeze Adjusted Taxable Value	\$ 1,484,065,773		\$ 1,460,275,720		\$ 1,375,607,819		\$ 1,259,100,369		\$ 1,195,811,506	

Source: State Comptroller's Office, Property Tax Division, Bexar Appraisal District and information provided by the City.

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TOP 10 TAXPAYERS

TABLE 9

Name	Type of Property	2021 Net Taxable Assessed Valuation	% of Total 2021 Net TAV ⁽¹⁾
Randolph Brooks Federal	Credit Union	78,564,630	4.84%
Methodist Healthcare System SA	Hospital	67,563,790	4.16%
IKEA Property Inc.	Retail	54,570,740	3.36%
GPIF Mira Loma Owner LLC	Multifamily	46,500,000	2.87%
Continental 136 Fund	Multifamily	36,800,000	2.27%
CFH Heritage LP	Multifamily	34,600,000	2.13%
MCN Villas - SA LLC	Multifamily	33,700,000	2.08%
SA Development Co.	Shopping Center	27,301,454	1.68%
LOTC Holdings Ltd	Shopping Center	22,535,040	1.39%
Aspire at Live Oak MF, LLC	Multifamily	22,180,740	1.37%
Total		\$ 424,316,394	26.15%

Source: Bexar Appraisal District and information supplied by the City.

(1) As shown in the table above, the total combined top ten taxpayers in the City currently account for over 26% of the City's tax base, thereby creating a concentration risk for the City. Any adverse developments related to these taxpayers affecting their ability to continue to conduct business at their respective locations within the City's boundaries may result in significantly less local tax revenue, thereby severely affecting the City's finances and its ability to repay its outstanding indebtedness. Accordingly, the City makes no representation regarding the continued valuation of any of the property listed in the above table or the generation of future tax revenues therefrom.

TAX RATE DISTRIBUTION

TABLE 10

	Tax Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
General Fund	0.3137	0.3139	0.3114	0.3244	0.3242	0.3226	0.3309	0.3564	0.3564	0.3679
I&S Fund	0.0965	0.0983	0.1033	0.1127	0.1193	0.1242	0.1368	0.1536	0.0890	0.0953
Total Tax Rate	\$ 0.4102	\$ 0.4122	\$ 0.4147	\$ 0.4371	\$ 0.4435	\$ 0.4468	\$ 0.4677	\$ 0.5100	\$ 0.4454	\$ 0.4632

Source: City's Financial Records.

TAX DATA

TABLE 11

Taxes are due October 1 and become delinquent after January 31. Penalties and Interest: (a) a delinquent tax incurs a penalty of six percent of the amount of the tax for the first calendar month it is delinquent plus one percent for each additional month or portion of a month the tax remains unpaid prior to July 1 of the year in which it becomes delinquent. However, a tax delinquent on July 1 incurs a total penalty of twelve percent of the amount of the delinquent tax without regard to the number of months the tax has been delinquent; (b) a delinquent tax accrues interest at rate of one percent for each month or portion of a month the tax remains unpaid; and an additional penalty up to a maximum of 15% of taxes, penalty and interest may be imposed to defray cost of collection for taxes delinquent after July 1. All percentage of collections set forth below exclude penalties and interest.

Tax Year	Net Taxable Assessed Valuation	Tax Rate	Tax Levy	% Collections		Year Ended
				Current	Total	
2012	856,156,984	0.47729	4,086,360	99.40	99.90	9/30/2012
2013	915,301,654	0.46316	4,239,265	99.60	99.90	9/30/2013
2014	968,468,534	0.44540	4,313,569	98.20	99.90	9/30/2014
2015	1,107,713,318	0.51000	5,649,338	99.70	99.90	9/30/2015
2016	1,217,218,698	0.46769	5,692,822	98.40	99.90	9/30/2016
2017	1,274,749,765	0.44684	5,696,054	98.60	99.90	9/30/2017
2018	1,351,127,274	0.44348	5,991,912	98.40	99.90	9/30/2018
2019	1,482,497,427	0.43709	6,479,804	98.50	99.70	9/30/2019
2020	1,581,653,227	0.41469	6,558,895	99.50	99.60	9/30/2020
2021	1,622,835,360	0.41222	6,689,603	99.50	99.50	9/30/2021

Source: Texas Municipal Report published by the Municipal Advisory Council of Texas, the Bexar Appraisal District, and information supplied by the City.

GENERAL GOVERNMENT REVENUES BY SOURCE ⁽¹⁾

TABLE 12

Fiscal Year	Property Taxes Including			Licenses Permits and Fees	Interest	Grants and Misc. Revenue	Total Revenue	Other Sources of Financing
	Penalties and Interest	Non-property Taxes	Fines and Warrants					
2012	3,599,513	7,364,297	385,970	823,957	33,704	403,856	12,611,297	1,623,341
2013	3,758,211	7,503,562	439,717	609,190	58,912	516,730	12,886,322	1,888,552
2014	3,814,512	8,071,759	507,975	384,612	37,346	210,932	13,027,136	11,139,296
2015	4,808,043	9,131,422	470,667	456,515	69,873	289,282	15,225,802	103,871
2016	5,006,176	9,566,463	466,763	354,287	119,548	247,158	15,760,395	116,275
2017	5,256,348	7,683,065	446,246	389,235	158,707	1,577,036	15,510,637	397,898
2018	5,402,347	7,815,443	580,805	475,499	215,721	1,260,831	15,750,646	402,016
2019	5,674,876	8,576,814	598,291	762,801	413,511	1,447,728	17,474,021	414,412
2020	5,758,565	7,930,771	498,726	398,075	286,389	1,416,868	16,289,394	-
2021	6,034,025	9,234,064	549,331	846,269	14,501	1,380,324	18,058,514	432,948

(1) Includes General, Special Revenues, Debt Service, and Capital Project Funds.

GENERAL GOVERNMENT EXPENDITURES BY FUNCTION ⁽¹⁾

TABLE 13

Fiscal Year	General Government	Fire Department	Police Department	Public Works	Planning	Office of Emergency Management		Capital Outlay	Debt Service	Total Expenditures	Other Financing Uses
						Data Processing	Management				
2012	2,574,443	2,407,447	3,193,770	1,847,754	115,056	73,169	402,227	1,386,010	1,832,438	13,832,314	-
2013	2,239,556	2,445,753	3,124,522	1,824,433	128,891	75,529	407,049	431,970	1,820,915	12,498,618	-
2014	2,603,792	2,374,605	3,224,800	1,689,321	118,111	78,284	433,703	499,420	2,089,229	13,111,265	-
2015	5,283,933	2,507,592	3,548,247	1,792,428	100,578	80,533	409,576	1,123,191	2,341,505	17,187,583	-
2016	7,808,082	2,558,213	3,340,688	1,833,522	107,565	71,248	309,321	831,073	2,407,038	19,266,750	-
2017	5,428,853	2,678,268	3,450,827	1,870,241	112,798	11,386	256,549	682,087	2,406,618	16,897,627	-
2018	3,578,930	2,779,366	3,672,866	2,020,134	128,354	10,235	305,665	1,112,806	2,402,093	16,010,449	-
2019	2,991,732	3,052,597	3,784,982	2,039,282	172,189	12,585	301,893	514,931	2,320,983	15,191,174	-
2020	2,660,517	3,355,636	4,366,286	2,012,575	165,600	8,965	329,723	977,965	2,323,625	16,200,892	120,418
2021	2,724,825	3,297,484	4,414,107	2,072,066	138,151	9,399	310,121	749,103	2,317,408	16,032,664	-

(1) Includes General, Special Revenue, Debt Service, and Capital Projects Funds.

MUNICIPAL SALES TAX

TABLE 14

The City has adopted the provisions of Chapter 321, as amended, Texas Tax Code. In addition, some issuers are subject to a property tax relief and/or an economic and industrial development tax. The City has authorized an additional sales and use tax for ad valorem tax relief and created the Corporation pursuant to an election held on May 4, 1996 and this tax became effective October 1, 1996. Net collections on calendar year basis are as follows:

Calendar Year	Total Collected	% of Ad Valorem Tax Levy	(\$ Equivalent of Ad Valorem Tax Rate
2012	6,364,736	155.76%	0.74
2013	6,188,832	145.99%	0.68
2014	6,677,184	154.79%	0.69
2015	7,496,827	132.70%	0.68
2016	7,726,478	135.72%	0.63
2017	7,784,473	136.66%	0.61
2018	8,106,881	135.30%	0.60
2019	9,755,621	150.55%	0.66
2020	9,279,236	141.48%	0.59
2021	11,046,448	165.13%	0.68

The Corporation was authorized to be created by an election on May 4, 1996. Under provisions of Texas Law, the Corporation is entitled to 1/2 of 1% of the 2% sales taxes collected by the City.

Source: State Comptroller's Office

OVERLAPPING DEBT DATA AND INFORMATION

TABLE 15

The following table indicates the indebtedness, defined as outstanding bonds payable from ad valorem taxes, of governmental entities overlapping the City and the estimated percentages and amounts of such indebtedness attributable to property within the City. Expenditures of the various taxing bodies on properties overlapping the City. These political taxing bodies are independent of the City and may incur borrowings to finance their expenditures. The following statements of direct and estimated overlapping ad valorem tax bonds were developed from information continued in the "Texas Municipal Reports" published by the Municipal Advisory Council of Texas. Except for the amounts relating to the City, the City has not independently verified the accuracy or completeness of such information, and no person should rely upon such information as being accurate or complete. Furthermore, certain of the entities listed below may have authorized or issued additional bonds since the date stated below, and such entities may have programs requiring the authorization and/or issuance of substantial amounts of additional bonds, the amount of which cannot be determined.

Taxing Body	Gross Debt ⁽¹⁾	% Overlapping	Amount
			Overlapping
Alamo Community College District	\$ 553,620,000	0.87%	\$ 4,816,494
Bexar County	2,061,555,000	0.87%	17,935,529
Bexar County Hospital District	874,490,000	0.87%	7,608,063
Judson ISD	554,519,085	9.69%	53,732,899
North East ISD	1,398,145,000	1.01%	14,121,265
Total Gross Overlapping Debt			\$ 98,214,250
Live Oak, City of			27,885,000 ⁽²⁾
Total Gross Direct and Overlapping Debt			\$ 126,099,250
Ratio of Gross Direct and overlapping Debt to 2021 Net Taxable Assessed Valuation			7.77%
Per Capita Gross Direct and Overlapping Debt			\$ 7,105

Source: Texas Municipal Reports published by the Municipal Advisory Council of Texas

(1) As of June 1, 2022

(2) Includes the Bonds.

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GENERAL FUND COMPARATIVE STATEMENT OF REVENUES AND EXPENDITURES AND ANALYSIS OF CHANGES IS FUND BALANCES

TABLE 16

The following statements set forth in condensed form reflect the historical operations of the City. Such summary has been prepared for individual herein based upon information obtained from the City's Audited financial statements and records. Reference is made to such statements for further and complete information.

	Fiscal Year Ended									
	9/30/2021	9/30/2020	9/30/2019	9/30/2018	9/30/2017	9/30/2016	9/30/2015	9/30/2014	9/30/2013	9/30/2012
Revenues										
Ad valorem taxes	\$ 4,617,307	\$ 4,318,837	\$ 4,258,758	\$ 3,996,028	\$ 3,834,180	\$ 3,581,341	\$ 3,393,444	\$ 3,038,404	\$ 2,966,027	\$ 2,811,656
Sales and use taxes	7,509,546	6,443,564	6,716,050	5,988,594	5,836,773	5,806,754	5,560,303	4,884,741	4,699,030	4,650,548
Beverage taxes	72,345	61,610	92,582	94,623	105,722	112,942	101,768	94,889	74,078	67,084
Franchise taxes	1,092,601	1,026,377	1,101,802	1,106,151	1,107,700	1,129,199	1,139,480	1,019,041	790,929	825,509
Occupancy Taxes	-	-	-	-	-	-	-	-	-	-
Fines and warrant fees	519,210	445,457	495,522	516,254	388,364	370,956	430,344	466,082	392,110	355,583
Permits and licenses	820,623	311,189	619,216	341,623	248,451	220,009	329,905	260,592	324,816	323,162
Charge for services	95,729	51,486	105,651	92,252	100,704	95,702	88,926	96,285	95,721	115,483
Interest	12,506	251,050	331,491	151,607	114,666	81,572	56,685	34,957	55,556	30,672
Intergovernmental	398,185	383,185	389,768	395,231	394,283	130,000	135,657	106,013	470,855	202,756
Forfeitures	-	-	-	-	-	-	-	-	-	-
Miscellaneous	145,006	255,954	185,130	95,347	153,492	84,651	76,125	87,284	42,780	25,165
Total Revenues	\$ 15,283,058	\$ 13,548,709	\$ 14,295,970	\$ 12,777,710	\$ 12,284,335	\$ 11,613,126	\$ 11,312,637	\$ 10,088,288	\$ 9,911,902	\$ 9,407,618
Expenditures										
General government	2,467,641	2,460,218	2,439,863	2,241,501	2,149,376	2,154,111	2,342,610	2,225,077	2,156,853	2,179,447
Public safety	7,696,075	7,660,710	6,805,706	6,330,696	5,998,741	5,768,256	5,825,714	5,472,005	5,435,384	5,199,122
Public works	2,070,046	2,012,575	2,037,070	2,004,774	1,867,775	1,830,893	1,791,012	1,687,493	1,756,946	1,658,923
Community service	226,089	214,835	208,943	239,247	233,257	201,719	178,235	194,147	168,400	231,477
Debt service	-	-	-	-	-	-	-	-	-	-
Capital outlay	307,343	345,997	512,931	1,068,832	461,697	598,155	353,355	271,263	306,740	613,110
Total Expenditures	\$ 12,767,194	\$ 12,694,335	\$ 12,004,513	\$ 11,885,050	\$ 10,710,846	\$ 10,553,134	\$ 10,490,926	\$ 9,849,985	\$ 9,824,323	\$ 9,882,079
Excess (Deficit) of Revenue Over (Under) Expenditures	2,515,864	854,374	2,291,457	892,660	1,573,489	1,059,992	821,711	238,303	87,579	(474,461)
Other Financing Sources (Uses):										
Transfers In	248,222	245,540	281,095	257,751	252,753	493,605	482,647	447,110	421,563	497,651
Transfers Out	(25,157)	(993,526)	(435,000)	(481,585)	(465,985)	(503,752)	(447,750)	(170,300)	(509,443)	(222,558)
Total Other Financing Sources (Uses):	223,065	(747,986)	(153,905)	(223,834)	(213,232)	(10,147)	34,897	276,810	(87,880)	275,093
Excess (Deficit) of Revenues and other sources over (under) expenditures and other financial sources (uses)	2,738,929	106,388	2,137,552	668,826	1,360,257	1,049,845	856,608	515,113	(301)	(199,368)
Fund Balance-Beginning of Year	14,863,257	14,756,869	12,619,317	11,950,491	10,590,234	9,540,389	8,683,781	8,168,668	8,168,969	8,368,337
Fund Balance - End of Year	\$ 17,602,186	\$ 14,863,257	\$ 14,756,869	\$ 12,619,317	\$ 11,950,491	\$ 10,590,234	\$ 9,540,389	\$ 8,683,781	\$ 8,168,668	\$ 8,168,969

Source: The City's Financial Reports.

A. Plan Description

The City participates as one of 895 plans in the defined benefit cash-balance plan administered by the Texas Municipal Retirement System (TMRS). TMRS is a statewide public retirement plan created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for employees of Texas participating cities. The TMRS Act places the general administration and management of TMRS with a six-member, Governor-appointed Board of Trustees; however, TMRS is not fiscally dependent on the State of Texas. TMRS issues a publicly available Annual Comprehensive Financial Report (Annual Report) that can be obtained at www.tmr.com.

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

B. Benefits Provided

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

At retirement, the member's benefit is calculated based on the sum of the member's contributions, with interest, and the City-financed monetary credits with interest. The retiring member may select one of seven monthly benefit payment options. Members may also choose to receive their retirement benefit in one of seven payments options. Members may also choose to receive a portion of their benefit as a lump sum distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the total member's contributions and interest.

At the December 31, 2020 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefit	82
Inactive Employees Entitled to but Not Yet Receiving Benefits	80
Active Employees	115
	277

C. Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of member's total compensation, and the city matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The city's contribution rate is based on the liabilities created from the benefit plan options selected by the city and any changes in benefits or actual experience over time.

Employees for the City were required to contribute 7% of their annual compensation during the fiscal year. The City matches employee contributions 2 to 1. The contribution rates for the City were 18.26% and 18.14% for calendar years 2020 and 2021 respectively. The City's contributions to TMRS for the year ended September 30, 2021 were \$1,366,326, and were equal to the required contributions.

D. Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2020, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

E. Actuarial Assumptions

The Total Pension Liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall Payroll Growth	2.75% per year
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees is used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2109 actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income in order to satisfy the short-term and long-term funding needs of TMRS.

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Equity	30.00%	5.30%
Core Fixed Income	10.00%	1.25%
Non-Core Fixed Income	20.00%	4.14%
Real Return	10.00%	3.85%
Real Estate	10.00%	4.00%
Absolute Return	10.00%	3.48%
Private Equity	10.00%	7.75%
	100.00%	

F. Discount Rate

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

G. Changes in Net Pension Liability (Asset)

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at December 31, 2019	\$ 46,596,098	\$ 40,868,253	\$ 5,727,845
Changes for the year:			
Service Cost	1,345,179	-	1,345,179
Interest	3,138,460	-	3,138,460
Change of Benefit Terms	-	-	-
Difference Between Expected and Actual Experience	(94,234)	-	(94,234)
Changes of Assumptions	-	-	-
Contributions - Employer	-	1,484,831	(1,484,831)
Contributions - Employee	-	534,711	(534,711)
Net Investment Income	-	3,105,921	(3,105,921)
Benefit Payments, Including Refunds of Employee Contributions	(1,545,975)	(1,545,975)	-
Administrative Expense	-	(20,073)	20,073
Other Changes	-	(785)	785
Net Changes	2,843,430	3,558,630	(715,200)
Balance at December 31, 2020	\$ 49,439,528	\$ 44,426,883	\$ 5,012,645

H. Sensitivity of the net pension liability to changes in the discount rate

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

	Discount Rate 5.75%	Discount Rate 6.75%	Discount Rate 7.75%
Net Pension Liability	\$ 12,023,981	\$ 5,012,645	\$ (749,299)

I. Pension Plan Fiduciary Net Position

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

J. Pension Expense

For the year ended September 30, 2021, the City recognized pension expense of \$879,996.

K. Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At September 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Differences between Expected and Actual Economic Experience	\$ 2,353	\$ -
Changes in Actuarial Assumptions	-	61,657
Differences Between Projected and Actual Investment Earnings	-	1,154,217
Contributions Subsequent to the Measurement Date	978,822	-
	<u>\$ 981,175</u>	<u>\$ 1,215,874</u>

The City reported \$978,822 as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date (December 31, 2020) will be recognized as a reduction of the net pension liability for the year ending December 31, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

For the Year Ended December 31,	
2021	\$ (419,750)
2022	(16,599)
2023	(704,744)
2024	(72,428)
Thereafter	-
	<u>\$ (1,213,521)</u>

The City also participates in the cost sharing multiple-employer defined benefit group-term life insurance plan operated by the Texas Municipal Retirement System (TMRS) known as the Supplemental Death Benefits Fund (SDBF). The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death); retired employees are insured for \$7,500; this coverage is an "other post-employment benefit," or OPEB. Membership in the plan at December 31, 2020, the valuation and measurement date, consisted of:

Inactive Employees or Beneficiaries Currently Receiving Benefits	50
Inactive Employees Entitled to but Not Yet Receiving Benefits	20
Active Employees	115
	185

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

Inflation	2.50%
Salary Increases	3.50% to 11.50% Including Inflation
Discount Rate	2.0% (Fidelity Index's 20-Year Municipal GO AA Index)
Administrative Expenses	All administrative expenses are paid throo the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.
Mortality Rates - Service Retirees	2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.
Mortality Rates - Disabled Retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

The City's contributions to TMRS were \$15,365 for the fiscal year ended September 30, 2021 and were equal to the required contributions. The SDBF required contribution rates were as follows:

Calendar Year	Total SDBF Contribution Rate	Retiree Portion to SDBF Contribution Rate
2021	0.21%	0.10%
2020	0.19%	0.03%

The City's Total OPEB Liability (TOL), based on the above actuarial factors, as of December 31, 2020 was calculated as follows:

	Total OPEB Liability
Balance at December 31, 2019	\$ 373,215
Changes for the year:	
Service Cost	21,388
Interest	10,526
Change of Benefit Terms	-
Difference Between Expected and Actual Experience	(7,483)
Changes of Assumptions	64,548
Benefit Payments	(2,293)
Net Changes	86,686
Balance at December 31, 2020	\$ 459,901

There is no separate trust maintained to fund this Total OPEB Liability. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits.

The following presents the TOL of the City, calculated using the discount rate of 2% as well as what the City's TOL would be if it were calculated using a discount rate that is 1-percentage point lower and 1-percentage point higher than the current rate:

	Discount Rate 1.0%	Discount Rate 2.0%	Discount Rate 3.0%
Total OPEB Liability	\$ 568,868	\$ 459,901	\$ 376,677

For the year ended September 30, 2021, the City recognized OPEB expense of \$49,297. Also as of September 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ -	\$ 25,852
Changes in Actuarial Assumptions	91,496	-
Contributions Subsequent to the Measurement Date	5,396	-
	<u>\$ 96,892</u>	<u>\$ 25,852</u>

Deferred outflows of resources in the amount of \$5,396 is related to OPEB benefits resulting from contributions subsequent to the measurement date, and will be recognized as a reduction of the total OPEB liability for the plan year ended December 31, 2020 (fiscal year ended September 30, 2021). Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

For the Year Ended December 31,	
2021	\$ 17,383
2022	16,992
2023	12,672
2024	9,087
2025	9,510
Thereafter	-
	<u>\$ 65,644</u>

MUNICIPAL SWIMMING POOL

TABLE 18

The following table discloses the gross revenues of the City's municipal swimming pool for the last ten years.

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Gross Revenues	\$ 36,442	\$ 19,074	\$ 38,855	\$ 32,511	\$ 35,735	\$ 34,857	\$ 34,180	\$ 34,054	\$ 32,393	\$ 30,945

The City operates a municipal swimming pool pursuant to the provisions of Chapter 1502, as amended, Texas Government Code.

THE HOTEL OCCUPANCY TAX

TABLE 19

The City currently levies a 7% Hotel Occupancy Tax and allows the hotels to retain 1% of the amount collected for administrative services. By law, the City must spend 1% of the tax revenues on advertising and programs for the promotion of tourism and advertising of the City. Of the remaining tax revenues, the City may pledge no more than 75% for debt service. The following table sets forth the gross collections for the Hotel Occupancy Tax and the amounts available for debt service for the past ten years.

	September 30,									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Gross Receipts	\$ 521,757	\$ 360,884	\$ 631,720	\$ 592,016	\$ 596,882	\$ 540,765	\$ 436,420	\$ 403,004	\$ 345,329	\$ 244,018
Available for Debt Service	387,405	267,956	469,052	439,572	443,185	401,518	324,042	299,230	256,407	181,183

APPENDIX B

GENERAL INFORMATION REGARDING THE CITY OF LIVE OAK, TEXAS AND BEXAR COUNTY, TEXAS

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APPENDIX B

GENERAL INFORMATION REGARDING THE CITY OF LIVE OAK AND BEXAR COUNTY

The City of Live Oak

The City of Live Oak, Texas (the "City") is a home-rule city that was incorporated in 1960 and is located 17 miles northeast of downtown San Antonio. As of September 30, 2021, the City has a land area of approximately 5.5 square miles and an estimated population of 15,781. The City has a close proximity to major airports and major military bases. The City is also strategically located at one of the busiest intersections in the San Antonio area, being the Interstate Highway 35 and Loop 1604 intersection. Its convenient location along the boundaries of Interstate Highway 35, a major transportation artery, continues to have a positive impact on the City.

It is a 15 minute drive to downtown San Antonio, 15 minutes to San Antonio International Airport and 5 minutes to Randolph Air Force Base. The City borders the cities of San Antonio, Converse, Universal City and Selma. A unique cooperation exists among these cities in matters of zoning, tax structure, annexation and numerous matters related to creating an environment most conducive to sound business practices. A regional entity has emerged that encompasses the ten cities in the Metrocom that is called the Northeast Partnership. This entity is providing the medium by which the Metrocom is collaborating and cooperating in areas of regional benefit.

The following table provides, at the dates shown, the population of the City and Bexar County:

<u>United States Census Report⁽ⁱ⁾</u>	<u>City of Live Oak</u>	<u>Bexar County</u>
2000	9,156	1,392,931
2010	11,531	1,714,774
2020	15,781	2,009,324

(i) Source: U.S. Census of Population

Type of Government

The City was incorporated in 1960 and operated as a general law municipality until August 1976 when a Home Rule Charter was approved by the citizens of the City with a City Manager/Council form of government. The Mayor and Council Members are elected for two year terms and the City Manager is appointed by the Council. These officials are listed on page iii of this Official Statement. Property values are assessed by the Bexar Appraisal District and taxes are collected by the Bexar County Tax/Assessor Collector. The City is a full-service entity providing government administration, police, fire, planning, municipal court, animal control, public works and utilities.

Growth and development are rapidly continuing since the City lies astride Interstate Highway 35, a major north/south artery traversing both Texas and the continental United States from border to border. This highway forms a corridor extending northeast out of San Antonio that is currently experiencing significant residential, commercial and industrial growth. The intersection of IH-35 and Loop 1604 is also one of the most traveled corridors of the region, serving over 200,000 vehicles per day. Not only is this growth stimulated by the influences of this major interstate, but also the main line between Austin and San Antonio of the Union Pacific Railroad closely parallels IH-35. This portion of the Union Pacific rail line is also under consideration to serve as a commuter rail line between Austin and San Antonio and abuts the City's western boundary. There are nearly 380 acres of undeveloped and underdeveloped land available for retail and commercial development located west of the intersection of IH-35 and Loop 1604, which lies wholly within the City of Live Oak. Loop 1604

provides a 100-mile circle around the San Antonio metropolitan area and easy access to other major highways, such as Interstate Highway 10 and U.S. Highway 281. Single family residential housing lots should be completely built out within the next couple of fiscal years.

The City actively pursues orderly and progressive growth. The City maintains a full-service Planning and Development Department to effectively deal with all aspects of growth management. The City provides complete public safety services for its citizens and commercial businesses. The City operates its own Police Department complete with 35 public safety personnel, 4 administrative support personnel and 10 telecommunications personnel. The Police Department also oversees the Regional Emergency Radio System and Alamo Regional SWAT team that provides emergency radio service and emergency SWAT services to most of the northeast portions of Bexar County that includes most of the cities around Randolph AFB. In addition to police protection, the City also operates its own Fire Department which provides fire protection and emergency medical services to our community. The Fire Department consists of 23 fire protection and prevention personnel and 1 fire inspections personnel. The City contracts with Schertz EMS, through a long-term interlocal agreement, for providing the community with emergency medical services. The Fire Inspector also serves as the emergency management liaison with Bexar County for emergency preparedness plans should an emergency occur in Live Oak. The City also extends its public safety capabilities with mutual aid agreements with almost all neighboring municipalities.

Public education through the high school level is provided by the highly regarded North East and Judson Independent School Districts by several schools in close proximity to the City. The 600-acre UTSA campus is within thirty minutes of the City, and several other colleges and universities are available in nearby San Antonio and along the IH-35 corridor. The City's higher education offerings include the Northeast Lakeview Campus, Judson Early College Campus of the Alamo Colleges System and Wayland Baptist University.

Recreational activities in the City include league sports, swimming, disc golf, running, fishing, and cycling. Olympia Hills Golf Conference Center is a challenging public course with elevation changes of 50 feet or more and features some of the largest oak trees in the area. The club, located in neighboring Universal City, also encompasses a 200-seat conference center.

City of Live Oak public facilities include a city clubhouse, swimming pool, disc golf course, and recreational parks.

Economic Factors

The City serves as a residential community for employees of nearby Randolph Air Force Base as well as employees and owners of business located in the City and the surrounding cities. Presently located in the City are six hotels, Ford, Acura, Nissan, Cadillac automobile dealerships, a major credit union, a regional hospital, and The Forum at Olympia Parkway, one of the largest and most successful shopping centers in the State of Texas.

The City is in a relatively good position for positive economic growth in the next few years. On the commercial side, The Forum Shopping Center, encompassing over 1.3 million square feet and co-located within the cities of Live Oak, Selma, and Universal City, continues to provide a wide array of shopping opportunities. The Village at Forum Parkway, located directly across IH-35 from The Forum Shopping Center, adds additional retail and dining opportunities. AT Home, Cavender Cadillac headquarters, Great Hearts Academy anchor the Gateway Plaza Shopping Center along with the newly constructed Stay APT Suites offering 74 rooms to visitors located on Loop 1604 E across from Randolph Brooks Federal Credit Union headquarters. The Live Oak Town Center, at the vibrant intersection of Loop 1604 and IH 35 is designed to incorporate 870,000 square feet of retail,

restaurants, entertainment and lodging. The center benefits from the incredible draw of its anchor, South Texas' only IKEA store, which opened in 2019. In addition to IKEA, Olive Garden, Longhorn Steakhouse, BJ's Restaurant & Brewhouse and Floor and Décor have already made their openings in the Live Oak Town Center. Several other businesses are also under construction. Further development of this site is expected to continue.

The transaction that provided for the sale of the Live Oak Civic Center and transition into four restaurant sites has been awarded the San Antonio Business Journal's Best in Commercial Real Estate Awards for Best Retail Sale. These four restaurants are 54th Street Grill, McAllister's Deli, Burger King and Starbucks. The City is also home to a skilled nursing facility located directly behind the City of Live Oak Justice Center. The bustling hotel/conference center has rounded out the development. This Hotel and Conference Center is a 139-room Hilton Garden Inn. It is a select service hotel with full catering, bar/restaurant and conference meeting facilities to accommodate up to 500 attendees.

The Master Planned Land Statistics for the City are as follows:

Single Family Residences	65.00%
Duplexes	0.50%
Apartments	1.50%
Commercial	29.50%
Industrial	2.50%
City Parks and Lake	1.00%

Construction and Development

Building Permits

YEAR	Permits Issued	Value of Construction
2018	1027	\$71,780,989
2019	1267	\$79,542,911
2020	1033	\$97,696,039
2021	1345	\$21,100,510
2022 YTD	568	\$20,655,299

Medical

The area surrounding the City is developing as a medical center and hub for the northeast quadrant of San Antonio with the Methodist Hospital NE continuing to expand and additional medical facilities being constructed near the hospital. The Methodist Hospital NE is a Level III advanced Trauma Center and just announced a capital investment of over \$86 million to better serve the fast-growing Metrocom area. Part of the expansion will include a 60,000 square feet multistory medical office building. The hospital is a 207-bed, full-service facility offering a wide variety of services which includes: a 24 hour Emergency Room; Day Surgery, Breast Diagnostic Center, Chemotherapy; Intensive Cardiac and Transitional Care; Maternity/Child Care; Neurosurgery; CT Scanning; MRI; Physical Therapy, Laboratory with Blood Bank; Orthopedics; Obstetrics and Gynecological Surgery; joint Replacement Academy; Diagnostic Radiology; Respiratory Therapy, and Pulmonary Function Lab; Noninvasive Cardiology; catheterization lab, and CICU beds recently added to keep up with the demands of cardiology patients.

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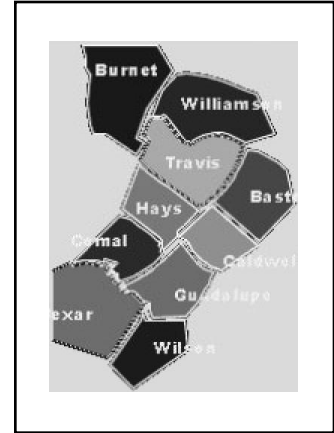
The Greater Austin/San Antonio Corridor (the "Corridor"):

Area: 6,731 sq. miles Population: 4.5 million
Workforce: 1.5 million University Enrollment: Approximately 200,000

Counties: Bastrop, Bexar, Caldwell, Comal, Hays, Travis, Williamson, and Wilson

Colleges & Universities: 17 including: The Universities of Texas at Austin and San Antonio, Texas A&M-San Antonio, Texas State, St. Edward's, Trinity, Incarnate Word, St. Mary's, Southwestern, and the University of Texas Health Science Center

Location: 200 miles south of Dallas (321 km); 150 miles west of Houston (241 km); 120 miles northwest of the Port of Corpus Christi (193 km); 200 miles northeast of the Mexican border at Laredo (321 km)



The Corridor from Austin to San Antonio has been a center of commerce and trade since the days when Indians and Conquistadors still roamed its richly-wooded hills, rivers and streams. The zone between San Antonio and Austin has become one of the country's fastest-growing and most dynamic regions, its success borne largely on the back of the ongoing diversification and expansion of the economy. Modern Interstate Highway 35 now links these, the fastest-growing communities in America, to a river of trade flowing between Mexico, the US, and Canada. Eighty percent of all Mexican exports pass through the Lone Star State, 75% of those exports traveling up Interstate 35 through Austin and San Antonio. NAFTA trade between the US, Mexico, and Canada is now doubling every four-to-five years, currently reaching more than \$800 billion. Nearly half of America's foreign exchange with Mexico involves products originating in or destined for Texas, and this explosion of trade presents ever-increasing opportunities for businesses throughout the Corridor.

Bexar County

Physical Features: On edge of Balcones Escarpment, Coastal Plain; heavy black to thin limestone soils; spring-fed streams; underground water; mesquite, other brush.

Population 2,009,324 - (Change from '10) 17.1%
Land Area (sq. mi.) 1,246.9 Altitude (ft.) 486-1,892
Rainfall (in.) 29.9 in Jan. mean min 40.5°
July mean max 94.4° Growing season (days) 271
Avg Weekly Wage \$1,095 Prop. Value \$191,621,280,326
Retail Sales \$28.7BN

Economy: Local economy consists of medical/biomedical research and services, government center with large federal payroll, military bases, tourism, and educational center.

History: Created 1836 from Spanish municipality named for Duke de Bexar, a colonial capital of Texas.

Recreation: Historic sites include the Alamo, other missions; River Walk; Seaworld; El Mercado (market), La Villita; Tower of the Americas; Brackenridge Park; zoo; symphony orchestra; HemisFair Plaza; Six Flags Fiesta Texas, Institute of Texas Cultures; parks, museums; hunting, fishing.

Minerals: Cement, stone, oil, gas, sand and gravel, lime, clays.

Agriculture: Beef cattle top producers, horses, hogs, poultry, exotic animals, greyhounds, grain, sorghum, wheat, com, pecans, nursery crops, cotton, peanuts, oats, Christmas trees, peaches, truck crops; some pecan wood sold.

Education: Eight major colleges and universities including Our Lady of the Lake, St. Mary's University, Trinity University, The University of the Incarnate Word, Texas A&M University-San Antonio and the University of Texas at San Antonio.

SAN ANTONIO county seat, Texas' second largest city, (2020 census - 2,009,324) varied manufacturing with emphasis on high-tech industries; other products include construction equipment, concrete and dairy products; industrial warehousing.

Other cities include: China Grove (1,239); Converse (27,582); Elmendorf (1,583); Helotes (9,525); Kirby (8,709), Leon Valley (12,279); Live Oak (17,749), St. Hedwig (2,474); Schertz (42,433); Selma (11,241); Somerset (1,821); Universal City (20,691); Windcrest (5,854); Balcones Heights (3,128); Alamo Heights (8,501); Hollywood Park (3,343); Olmos Park (1,856); Hill Country Village (635); Terrell Hills (5,409); Castle Hills (4,459); Grey Forest (503); Shavano Park (3,874).

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APPENDIX C

FORM OF LEGAL OPINION OF BOND COUNSEL

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August 9, 2022

**CITY OF LIVE OAK, TEXAS
GENERAL OBLIGATION BONDS, SERIES 2022
DATED AS OF AUGUST 1, 2022
IN THE AGGREGATE PRINCIPAL AMOUNT OF \$16,490,000**

AS BOND COUNSEL FOR THE CITY OF LIVE OAK, TEXAS (the *City*) in connection with the issuance of the bonds described above (the *Bonds*), we have examined into the legality and validity of the Bonds, which bear interest from the dates specified in the text of the Bonds until maturity or prior redemption at the rates and payable on the dates as stated in the text of the Bonds, all in accordance with the terms and conditions stated in the text of the Bonds.

WE HAVE EXAMINED the applicable and pertinent provisions of the Constitution and general laws of the State of Texas, a transcript of certified proceedings of the City, and other pertinent instruments authorizing and relating to the issuance of the Bonds, including (i) the ordinance authorizing the issuance of the Bonds (the *Ordinance*); (ii) one of the executed Bonds (numbered T-1); and (iii) the City's Federal Tax Certificate of even date herewith.

BASED ON SAID EXAMINATION, IT IS OUR OPINION that the Bonds have been authorized, issued and delivered in conformity with the laws of the State of Texas now in force and that the Bonds are valid and legally binding obligations of the City enforceable in accordance with the terms and conditions described therein, except to the extent that the enforceability thereof may be affected by bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting creditors' rights or the exercise of judicial discretion in accordance with general principles of equity. The Bonds are payable from the proceeds of an ad valorem tax levied, within the legal limitations prescribed by law, upon all taxable property of the City.

IT IS FURTHER OUR OPINION, except as discussed below, that the interest on the Bonds is excludable from the gross income of the owners for federal income tax purposes under the statutes, regulations, published rulings and court decisions existing on the date of this opinion. We are further of the opinion that the Bonds are not "specified private activity bonds" and that, accordingly, interest on the Bonds will not be included as an individual alternative minimum tax preference item under section 57(a)(5) of the Internal Revenue Code of 1986 (the *Code*). In expressing the aforementioned opinions, we have relied on, certain representations, the accuracy of which we have not independently verified, and assume compliance with certain covenants regarding the use and investment of the proceeds of the Bonds and the use of the property financed therewith. We call your attention to the fact that if such representations are determined to be inaccurate or if the City fails to comply with such covenants, interest on the Bonds may become includable in gross income retroactively to the date of issuance of the Bonds.

EXCEPT AS STATED ABOVE, we express no opinion as to any other federal, state, or local tax consequences of acquiring, carrying, owning or disposing of the Bonds, including the amount, accrual or receipt of interest on, the Bonds. Owners of the Bonds should consult their tax advisors regarding the applicability of any collateral tax consequences of owning the Bonds.

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OUR OPINIONS ARE BASED ON EXISTING LAW, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service (the *Service*); rather, such opinions represent our legal judgment based upon our review of existing law and in reliance upon the representations and covenants referenced above that we deem relevant to such opinions. The Service has an ongoing audit program to determine compliance with rules that relate to whether interest on state or local obligations is includable in gross income for federal income tax purposes. No assurance can be given whether or not the Service will commence an audit of the Bonds. If an audit is commenced, in accordance with its current published procedures the Service is likely to treat the City as the taxpayer. We observe that the City has covenanted not to take any action, or omit to take any action within its control, that if taken or omitted, respectively, may result in the treatment of interest on the Bonds as includable in gross income for federal income tax purposes

OUR SOLE ENGAGEMENT in connection with the issuance of the Bonds is as Bond Counsel for the City, and, in that capacity, we have been engaged by the City for the sole purpose of rendering opinions with respect to the legality and validity of the Bonds under the Constitution and general laws of the State of Texas, and with respect to the exclusion from gross income of the interest on the Bonds for federal income tax purposes, and for no other reason or purpose. The foregoing opinions represent our legal judgment based upon a review of existing legal authorities that we deem relevant to render such opinions and are not a guarantee of a result. We have not been requested to investigate or verify, and have not independently investigated or verified any records, data, or other material relating to the financial condition or capabilities of the City or the disclosure thereof in connection with the sale of the Bonds, and have not assumed any responsibility with respect thereto. We express no opinion and make no comment with respect to the marketability of the Bonds and have relied solely on certificates executed by officials of the City as to the current outstanding indebtedness of, and assessed valuation of taxable property within, the City. Our role in connection with the City's Official Statement prepared for use in connection with the sale of the Bonds has been limited as described therein.

Respectfully,

APPENDIX D

ISSUER'S GENERAL PURPOSE AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED SEPTEMBER 30, 2021

(Independent Auditor's Report, Management Discussion and Analysis, General Financial Statements and Notes to the Financial Statements - not intended to be a complete statement of the Issuer's financial condition. Reference is made to the complete Annual Financial Report for further information.)

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ANNUAL COMPREHENSIVE FINANCIAL REPORT

FISCAL YEAR ENDED SEPTEMBER 30, 2021

PREPARED BY

FINANCE DEPARTMENT
LEROY KOWALIK, DIRECTOR OF FINANCE

LiveOak
THE CITY OF LIVE OAK TEXAS

CITY OF LIVE OAK, TEXAS
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INTRODUCTORY SECTION



January 25, 2021

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

Dear Mayor and Members of City Council:

The City of Live Oak, Texas is required to publish each year, a complete set of financial statements presented in conformity with Generally Accepted Accounting Principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the Annual Comprehensive Financial Report of the City of Live Oak (the City) for the fiscal year ended September 30, 2021.

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

The City's financial statements have been audited by Armstrong, Vaughan & Associates, P.C., a firm of licensed public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended September 30, 2021 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial presentation. The independent auditor concluded, based on the audit, that there was a reasonable basis for rendering an unmodified opinion that the financial statements for the year ended September 30, 2021 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

As required by GAAP, management has provided a narrative introduction, overview and analysis to accompany the basic financial statement in the form of Management's Discussion and Analysis (MD&A). The letter of transmittal is designed to complement the MD&A, and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

PROFILE OF THE GOVERNMENT

The City is a home-rule city that was incorporated in 1960 and is located 17 miles northeast of downtown San Antonio. At September 30, 2020, the City has a land area of approximately 5.5 square miles and an estimated population of 17,749. The City is empowered to levy a property tax on both real and personal property located within its boundaries.

The City has adopted a Council-Manager form of government. Policy-making and legislative authority are vested in a governing Council that is comprised of a Mayor and five Council members. The Mayor and Council members are all elected at large for a two-year term. Elections are staggered with the Mayor and two Council Members elected together (year 2022) and the three remaining members in 2023. The City Manager is appointed by the Council and is responsible for implementing council policy and day-to-day operations of the City.

The City provides a full range of municipal services including public safety (police, fire and first responder emergency medical services protection); residential and commercial solid waste sanitation services (through a franchise agreement with Waste Management), water and wastewater services, public improvements, repair and maintenance of infrastructure, recreational and community activities and general administrative services. Transportation, treatment and disposal of sewage are provided under separate contracts with the San Antonio River Authority, Cibolo Creek Municipal Authority and San Antonio Water System (see note 10, Commitment and Contingencies, pages 46-47 of the notes to the financial statements). The City provides water service to most of the City, with the San Antonio Water System providing water service to the remaining portion of the City.

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

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

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

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

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

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

LOCAL ECONOMY

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

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

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

Despite all the good things that happened around the City of Live Oak over the past several years, the City was not immune to a global pandemic that swept across the globe. COVID-19 started in 2020 but continued on through 2021. During the early months of the pandemic, the City of Live Oak saw double digit decreases in its monthly sales tax remittance. But throughout 2021, the City of Live Oak continued to see really good sales tax revenue numbers. The City ended the Fiscal Year 2021 very strong. Overall, the Metrocom area sustained fiscal stability throughout the continuation of the COVID-19 pandemic. Even as we start into the new fiscal year, the economy continues to be on a positive track in this area. This area again continues to perform as good or better than any other area in the state or even the nation.

The City enjoyed several grand openings of retail and food establishments during the economic struggles in 2020-2021. There are many more slated to open in 2022 and onward. Northeast Lakeview College enrollment has grown substantially since opening their doors. Northeast Lakeview College has a plan to become a major, higher education player for the region in the future with over 15,000 students. The Judson Early College Academy (JECA) offers students with an opportunity to not only earn their high school degree, but they will have also have earned an equivalent to an associate's degree as well. Students will have the ability to transfer these college credits to almost any college of choice. The Eagle Ford Shale development, one of the nation's biggest oil and natural gas fields, has provided a tremendous economic impact to neighboring counties that has spilled over into this area. Over the last couple of years, the oil industry has been in the process of making a welcomed comeback and is still considered to have a solid presence in the area.

Economic indicators such as the unemployment rate and housing permits have remained positive in this area as compared to the national level. Construction began on several residential projects in 2019 and 2020. These residential projects continue into 2021. Vista Ridge is a 202 home subdivision that completed phase I of III in 2020 and recently began the infrastructure for phase II in 2021. At the end of 2020, Skybrooke Subdivision began building for a future 146 additional single-family homes. Perhaps one of the biggest economic projects that should forever change the makeup for the City of Live Oak is the Live Oak Town Center Project. This project broke ground several years ago, and the much-anticipated grand opening of the only South Texas area IKEA store occurred in early 2019. Several restaurants opened their doors in the Live Oak Town Center during 2020 and 2021. BJ's Brewhouse and a Floor and Decor began construction in 2021. Both businesses are slated to be completed in early 2022. A boutique hotel is currently being constructed in the Gateway Plaza. The headquarters for Randolph Brooks Federal Credit Union (RBFCU) is located in the City of Live Oak to include three administrative buildings. The City of Live Oak remains the leading business and community catalyst focused on building economic prosperity in the City and throughout the region.

Economic Outlook: Because the City is adjacent to the City of San Antonio, the local economy is anchored by what happens in the San Antonio Metropolitan Statistical Area. This area enjoys the benefit of a diversified economy. Major anchors of the economy in this area are the medical/biomedical industry, the military industry, tourism, telecommunications, insurance, financial and manufacturing. The national state of economy continues to show signs of substantial growth and strength. As a result, commercial growth and sales tax receipts in Live Oak continue to be on a positive track. The unknown of the future of the current COVID-19 pandemic is really the only negative that is worth noting.

LONG-TERM FINANCIAL PLANNING

The City's Comprehensive Plan provided background information for a baseline analysis to formulate goals and objectives to guide our City through the years to 2040. The City reviewed, analyzed and formulated the City's newest Comprehensive Plan in 2019. The City also completed a park Amenity and Future Use Plan in 2019 as well. These updated plans should take the City well into the future.

The City is in constant communications with various developers to look at opportunities for development on several of the City's undeveloped areas. Several commercial businesses recently opened their doors around the City. There are also several big projects in the works, none bigger than the continued development of the Live Oak Town Center which is now home to the San Antonio area's only IKEA Home Furnishings store. All this growth continues to strengthen this area's financial stability.

The City is also continuously looking at its infrastructure needs. In a May 2014 bond election, citizens passed three of the four bond proposals which addressed areas of street improvements, traffic signalization, street widening and park and trail improvements. All of these projects are completed with 100% of the proceeds spent of these projects.

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

RELEVANT FINANCIAL POLICIES

Budgeting controls are governed by the City's Charter. Throughout the budgeting process, the City Council may make financial policies that dictate the uses and sources of funds for various needs. In the 2021 budget, Council endorsed a financial policy that would have utilized \$792,004 of reserves to be used for contingencies (\$200,000), capital or capital related purchases (\$314,904) and one-time and/or emergency expenditures (\$277,100).

MAJOR INITIATIVES

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

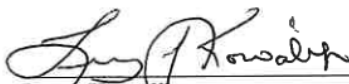
With the completion of the Park Amenity and Future Use Plan and the completed update to the City's Comprehensive Plan, several projects identified within these plans will be studied for future planning. These plans should be a catalyst for the formulation of goals and objectives to guide our City way into the future.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Live Oak for its annual comprehensive financial report (ACFR) for the fiscal year ended September 30, 2020. This was the fourteenth consecutive year that the City received this prestigious award. In order to be awarded a Certificate of Achievement, the government had to publish an easily readable and efficiently organized ACFR that satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current ACFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate. The preparation of this report was made possible by the efficient and dedicated service of the entire staff of the finance and administration departments. We appreciate the efforts of everyone involved. We wish to also express our appreciation to the Mayor and all City Council members for their unfailing support for maintaining the highest standards of professionalism in the management of the City's finances.

Respectfully Submitted,



Leroy Kowalik
Finance Director



Scott Wayman
City Manager



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Live Oak
Texas**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2020

Christopher P. Morill

Executive Director/CEO

CITY OF LIVE OAK, TEXAS
ELECTED AND APPOINTED OFFICIALS
YEAR ENDED SEPTEMBER 30, 2021

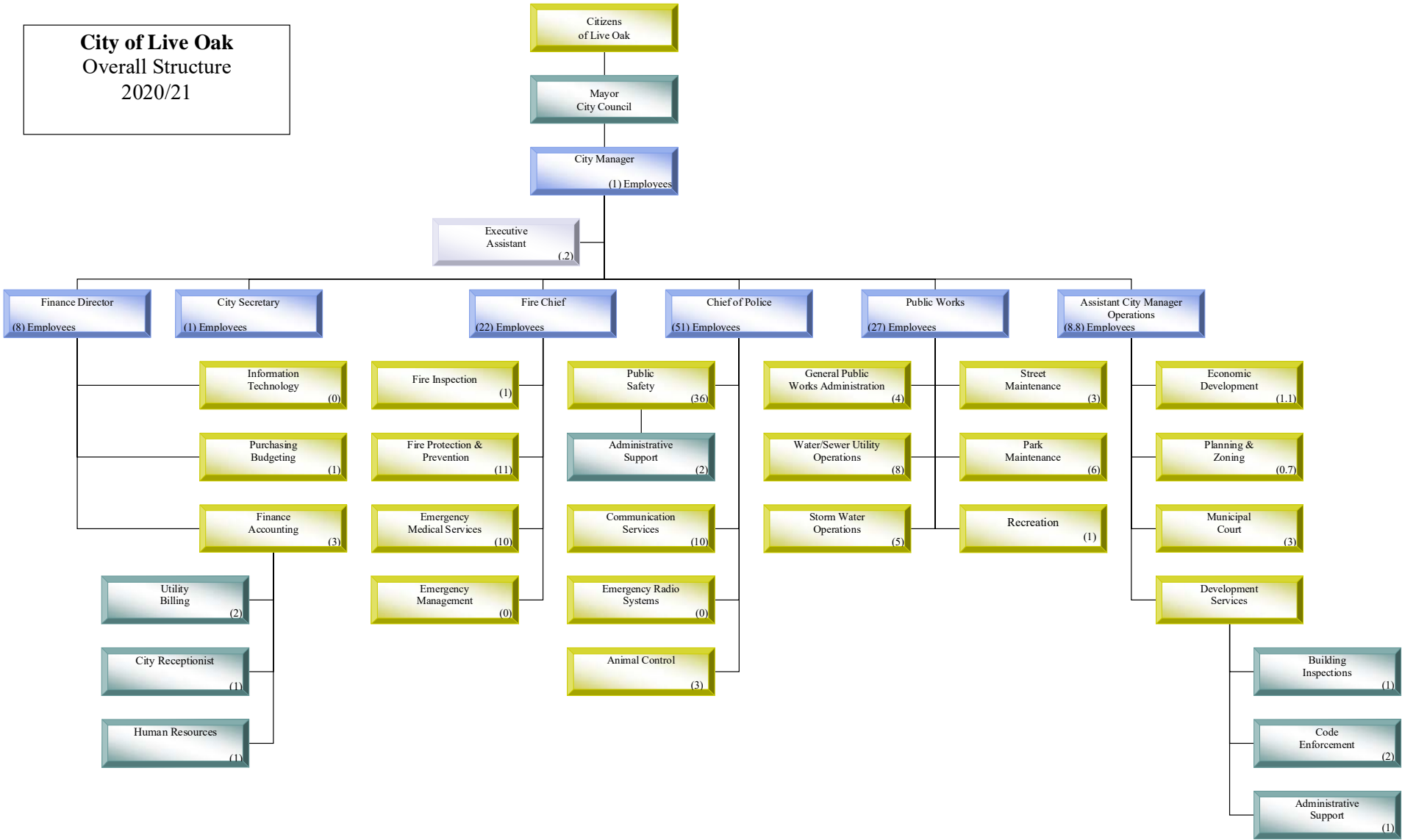
ELECTED OFFICIALS

MAYOR	MARY M. DENNIS
CITY COUNCIL, PLACE 1	MENDELL D. MORGAN
CITY COUNCIL, PLACE 2	ROBERT “BOB” TULLGREN
CITY COUNCIL, PLACE 3	DR. ERIN PEREZ
CITY COUNCIL, PLACE 4	ED CIMICS
CITY COUNCIL, PLACE 5	AARON DAHL

APPOINTED OFFICIALS

CITY MANAGER	SCOTT WAYMAN
ASSISTANT CITY MANAGER	MICHAEL HORNES
DIRECTOR OF FINANCE	LEROY KOWALIK
CITY SECRETARY	DEBORAH GOZA
POLICE CHIEF	DAN PUE
FIRE CHIEF	LINC SURBER
PUBLIC WORKS DIRECTOR	MARK WAGSTER
MUNICIPAL COURT JUDGE	ED PHILLIPS
CITY ATTORNEY	DENTON, NAVARRO, ROCHA, BERNAL & ZECH, P.C.

**City of Live Oak
Overall Structure
2020/21**



LiveOak
THE CITY OF LIVE OAK TEXAS

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Live Oak, as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise City of Live Oak's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Live Oak, as of September 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

The comparative financial statements, and combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the comparative financial statements and combining and individual nonmajor fund statements is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2021 on our consideration of City of Live Oak's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 City of Live Oak's internal control over financial reporting and compliance.



Armstrong, Vaughan & Associates, P.C.

December 10, 2021

MANAGEMENTS DISCUSSION AND ANALYSIS

As management of the City of Live Oak, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City of Live Oak for the fiscal year ended September 30, 2021. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at September 30, 2021 by \$25.9 million (net position). Of this amount \$14.3 million (unrestricted net position), may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net position increased from operations by \$3.0 million. This increase is attributable to the City's ability to manage budgetary spending with available revenues during the fiscal year.
- As of September 30, 2021, the City's governmental funds reported combined ending fund balances of \$21 million, an increase of \$2.5 million.
- The total bonds outstanding (and related premiums) of the City (all governmental activities obligations) decreased by \$2.0 million.

Overview of the Financial Statements

The discussion and analysis is intended to serve as the introduction of the City of Live Oak, Texas' basic financial statements which are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements.

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

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

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through their user fees and charges (business-type activities). The governmental activities of the City include general government, debt service, special revenue funds, and capital projects. The business-type activities of the City include a water and wastewater operating fund, a utility development replacement and renewal fund and a storm water utility fund. The government-wide financial statements can be found on pages 16-18 of this report.

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

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

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

The City maintains twelve (12) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, American rescue plan fund, and the debt service fund, which are considered to be major funds. Data from the other ten (9) governmental funds are combined into a single, aggregated presentation. Details of the ten (9) nonmajor governmental funds are presented in the other supplementary information section which begins on page 62. The City adopts an annual appropriated budget for all governmental funds except capital projects. A budgetary comparison statement has been provided for the general fund and the Economic Development Corporation to demonstrate compliance with this budget. The basic governmental fund financial statements can be found on pages 19-21 of this report.

Proprietary Funds – The City charges customers for the services it provides, whether to outside customers or to other units within the City. These services are generally reported in proprietary funds. The City maintains three different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for the operation and maintenance of its water and wastewater utility, its utility development replacement and renewal funds and operation of its storm water utility. The basic proprietary fund financial statements can be found on pages 23-26 of this report.

Notes to the Basic Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 27-52 of this report.

Other Information – In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City’s general fund budgetary comparisons and progress in funding its obligation to provide pension benefits and other postemployment benefits to its employees and retirees. Required supplementary information can be found on pages 53-61 of the City’s annual comprehensive financial report.

The combining statements referred to earlier as the City’s nonmajor governmental funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and supporting schedules can be found on pages 62-78 of the City’s annual comprehensive financial report.

Government-wide Financial Analysis

The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$25.9 million (net position). Of this amount \$14.3 million (unrestricted net position) may be used to meet the ongoing obligations to citizens and creditors.

The 2nd largest portion of the City's net position (35%) is its net investment in capital assets (e.g., land, buildings, infrastructure, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The largest portion of the City's net position (55%) is unrestricted while approximately (10%) represents resources that are subject to external restrictions on how they may be used.

	Net Position					
	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Assets						
Current and Other Assets	\$ 25,288,160	\$ 20,739,026	\$ 1,977,957	\$ 2,477,376	\$ 27,266,117	\$ 23,216,402
Capital Assets	15,560,304	16,989,655	5,732,376	5,356,887	21,292,680	22,346,542
Total Assets	<u>40,848,464</u>	<u>37,728,681</u>	<u>7,710,333</u>	<u>7,834,263</u>	<u>48,558,797</u>	<u>45,562,944</u>
Deferred Outflows of Resources	<u>1,050,537</u>	<u>1,384,877</u>	<u>117,182</u>	<u>157,456</u>	<u>1,167,719</u>	<u>1,542,333</u>
Liabilities						
Current Liabilities	3,504,000	3,350,670	677,923	551,703	4,181,923	3,902,373
Long-term Liabilities	17,751,840	18,216,783	651,755	704,914	18,403,595	18,921,697
Total Liabilities	<u>21,255,840</u>	<u>21,567,453</u>	<u>1,329,678</u>	<u>1,256,617</u>	<u>22,585,518</u>	<u>22,824,070</u>
Deferred Inflows of Resources	<u>1,105,803</u>	<u>1,254,565</u>	<u>135,923</u>	<u>155,059</u>	<u>1,241,726</u>	<u>1,409,624</u>
Net Position						
Net Investment in						
Capital Assets	3,330,278	2,804,778	5,732,376	5,356,887	9,062,654	8,161,665
Restricted	2,553,132	2,520,596	-	-	2,553,132	2,520,596
Unrestricted	13,653,948	10,966,166	629,538	1,223,156	14,283,486	12,189,322
Total Net Position	<u>\$ 19,537,358</u>	<u>\$ 16,291,540</u>	<u>\$ 6,361,914</u>	<u>\$ 6,580,043</u>	<u>\$ 25,899,272</u>	<u>\$ 22,871,583</u>

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

During the year ending September 30, 2021, the City's net position increased by \$3.0 million. Slower economic activity in the summer of 2020 returned strongly in 2021, particularly seen in occupancy taxes, sales tax and permitting. The Economic Development Corporation also provided significant support to business activities in the form of water rights and business assistance grants.

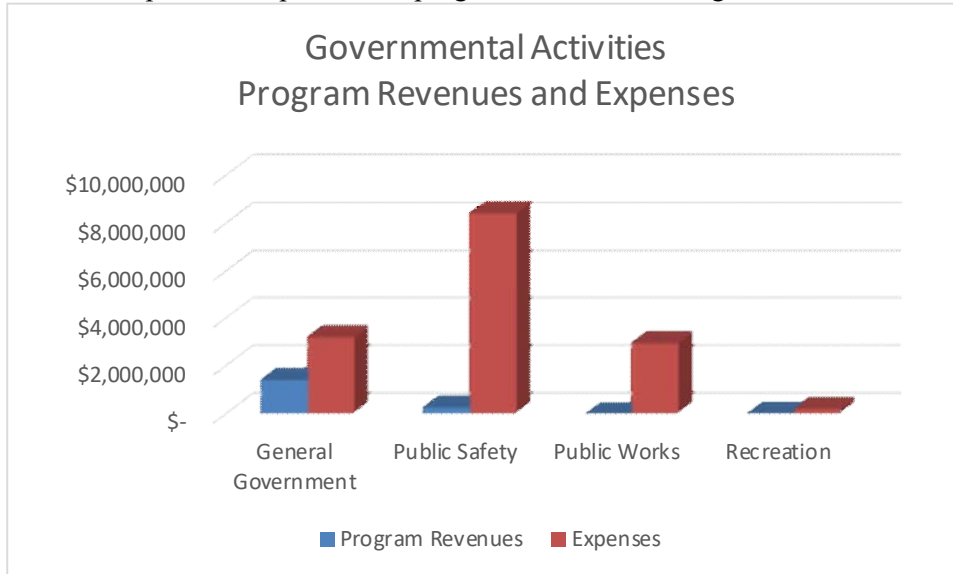
The following table indicates changes in net position for the governmental and business-type activities for the City as of September 30, 2021.

	Changes in Net Position					
	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program Revenues:						
Charges for Services	\$ 1,575,135	\$ 1,101,013	\$ 4,896,891	\$ 4,704,020	\$ 6,472,026	\$ 5,805,033
Operating Grants and Contributions	924,949	1,047,285	158,000	-	1,082,949	1,047,285
Capital Grants and Contributions	39,000	-	608,037	-	647,037	-
General Revenues						
Taxes						
Property Taxes	6,045,605	5,763,038	-	-	6,045,605	5,763,038
Sales and Mixed Beverage	7,629,564	6,556,209	-	-	7,629,564	6,556,209
Franchise Taxes	1,202,761	1,064,713	-	-	1,202,761	1,064,713
Occupancy Taxes	521,757	360,884	-	-	521,757	360,884
Investment Earnings	14,499	286,389	872	17,307	15,371	303,696
Miscellaneous	192,367	160,583	10,180	13,167	202,547	173,750
Total Revenues	<u>18,145,637</u>	<u>16,340,114</u>	<u>5,673,980</u>	<u>4,734,494</u>	<u>23,819,617</u>	<u>21,074,608</u>
Expenses:						
General Government	3,237,399	3,115,843	-	-	3,237,399	3,115,843
Public Safety	8,446,080	8,627,416	-	-	8,446,080	8,627,416
Public Works	2,988,661	2,833,678	-	-	2,988,661	2,833,678
Recreation	233,671	226,927	-	-	233,671	226,927
Water and Wastewater	-	-	4,105,442	3,904,880	4,105,442	3,904,880
Storm Water	-	-	520,732	527,844	520,732	527,844
Utility Development	-	-	906,941	519,822	906,941	519,822
Interest and Fiscal Agent Fees	353,002	488,674	-	-	353,002	488,674
Total Expenses	<u>15,258,813</u>	<u>15,292,538</u>	<u>5,533,115</u>	<u>4,952,546</u>	<u>20,791,928</u>	<u>20,245,084</u>
INCREASE IN NET POSITION BEFORE TRANSFERS	<u>2,886,824</u>	<u>1,047,576</u>	<u>140,865</u>	<u>(218,052)</u>	<u>3,027,689</u>	<u>829,524</u>
Transfers In (Out)	<u>358,994</u>	<u>(120,418)</u>	<u>(358,994)</u>	<u>120,418</u>	<u>-</u>	<u>-</u>
CHANGE IN NET POSITION	<u>3,245,818</u>	<u>927,158</u>	<u>(218,129)</u>	<u>(97,634)</u>	<u>3,027,689</u>	<u>829,524</u>
BEGINNING NET POSITION	<u>16,291,540</u>	<u>15,364,382</u>	<u>6,580,043</u>	<u>6,677,677</u>	<u>22,871,583</u>	<u>22,042,059</u>
ENDING NET POSITION	<u>\$ 19,537,358</u>	<u>\$ 16,291,540</u>	<u>\$ 6,361,914</u>	<u>\$ 6,580,043</u>	<u>\$ 25,899,272</u>	<u>\$ 22,871,583</u>

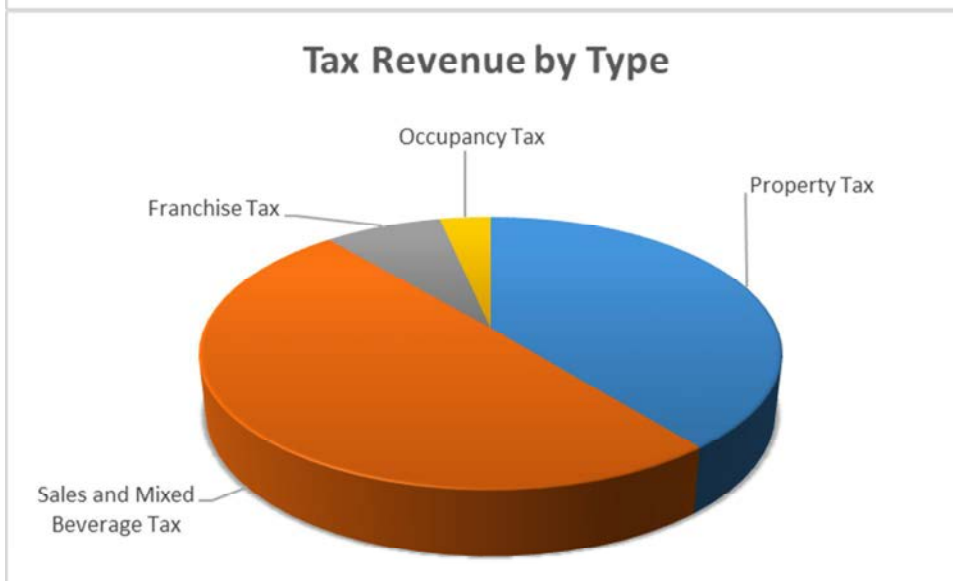
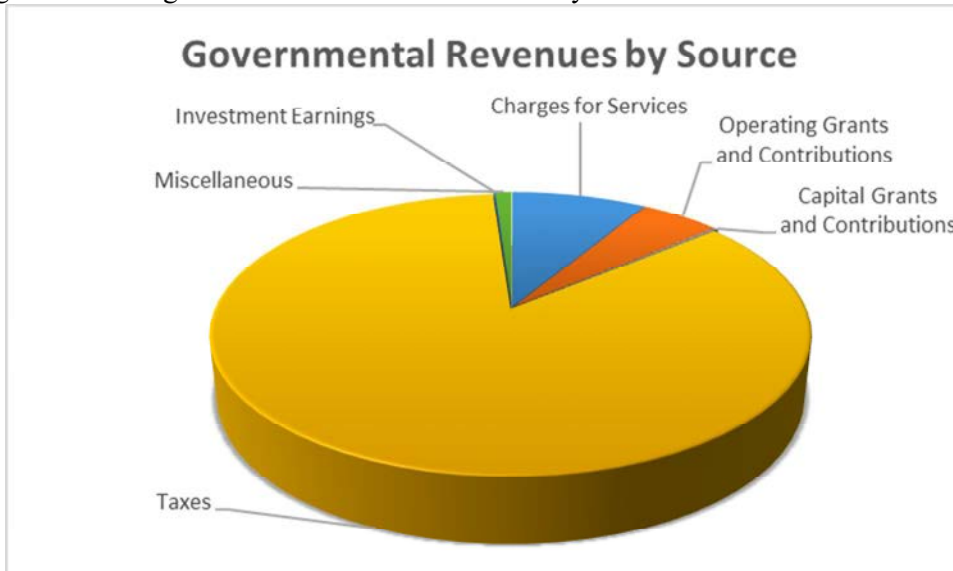
Governmental Activities – Governmental activities increased the City’s net position by \$3.2 million. Key elements are as follows:

- Governmental activities expenses were largely unchanged, decreasing \$34 thousand. The decrease was led by a decrease in debt service of \$135 thousand as the bonds continue to be paid down.
- Return of economic activity led to increases of \$1.1 million in sales taxes, \$161 thousand in occupancy taxes and \$474 thousand in charges for services
- Investment earnings decreased by \$272 thousand as interest rates fell at the start of the pandemic

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

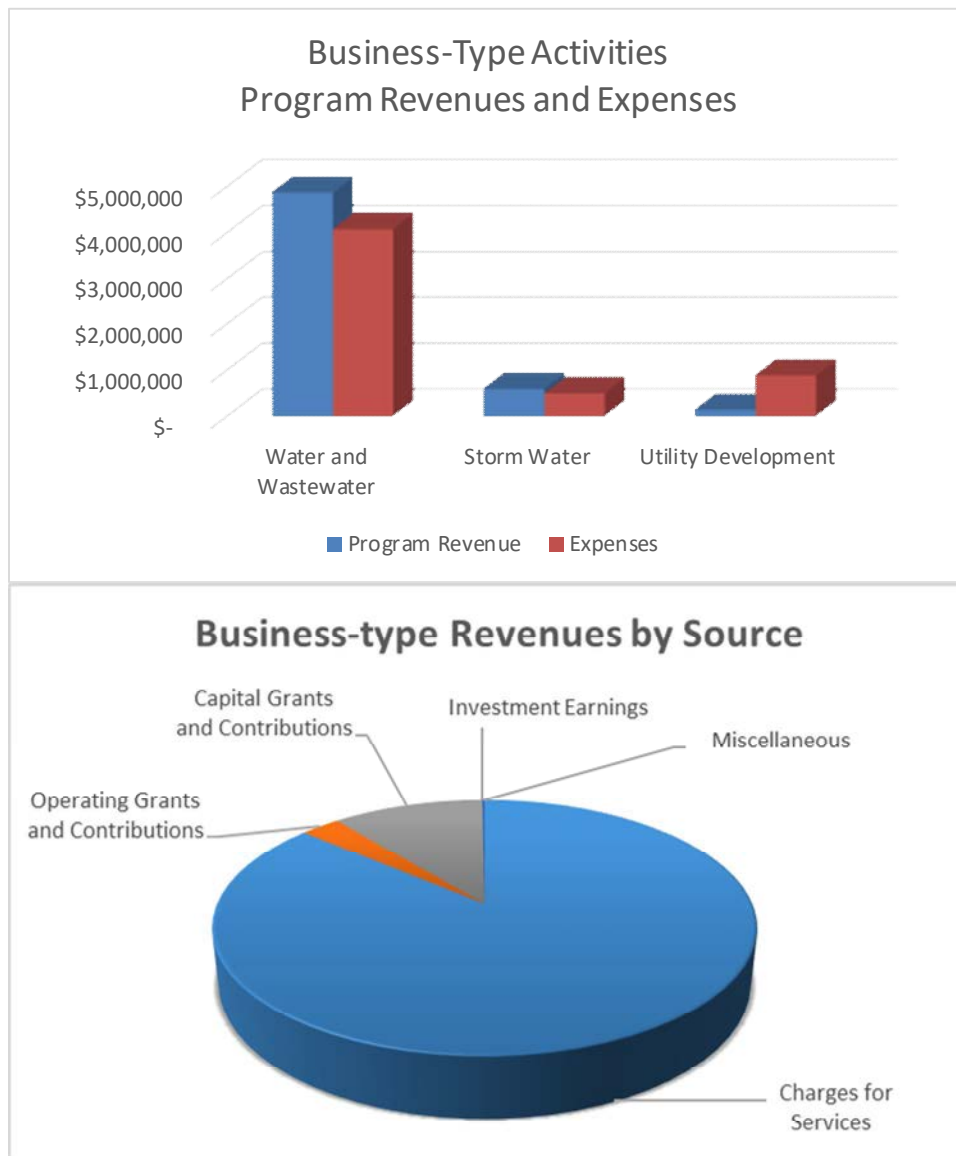


The following charts show governmental activities revenues by source and a breakdown of taxes by type.



Business-Type Activities - The City's business-type activities consist solely of water and wastewater services, utility development (renewals and replacements) and storm water operations. These activities have rates and spending plans established by the City Council. Another activity includes solid waste collection, but is only a pass through for the City.

The City's smallest business-type activity (Storm Water) remained largely unchanged with revenues increasing 1% and expenses decreasing 1%. After transfers, the Storm Water Fund added \$7 thousand to net position. The Water and Wastewater Utility (together with the Utility Renewal Fund) saw revenues increase 4%, primarily from increased consumption. Expenses increased 13%, primarily from water tank painting of \$636 thousand that is conducted every several years. A comparison between expenses and program revenues (charges for services) relating to water, wastewater and storm water operations follows. The major revenue source for business-type activities consists almost entirely of charges for services.



The revenues in the current fiscal year for the business-type activities increased by \$939 thousand, primarily from a contribution of water rights from the Economic Development Corporation. The City is also gradually increasing sewer rates to keep up with increases from wastewater treatment providers San Antonio River Authority and Cibolo Creek Municipal Authority. The total expenses for the business-type activities increased by \$581 thousand. The increase was primarily from tank painting.

Financial Analysis of the Government's Funds

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

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

As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$21 million, an increase of \$2.5 million from the prior year. A majority of this increase is attributable to a return of economic activity in 2021 out of the pandemic resulting in increases in sales taxes, occupancy taxes, beverage taxes, and permits and fees. \$12.6 million (60%) of the ending fund balance is unassigned, which is available for spending at the City's discretion. The remaining amount of \$8.3 million (40%) is nonspendable, restricted, assigned, or committed for specific purposes.

The City's general fund is the chief operating fund of the City and is used to account for all financial resources except those required to be accounted for by another fund. Property and sales taxes provide the major source of income. At the end of the current fiscal year, the unassigned fund balance portion of the general fund was \$12.6 million compared to \$10.3 million, an increase of \$2.3 million. The increase was primarily attributable to increases in several economic revenue sources such as sales taxes, beverage taxes, and permits and fees. The increase of \$2.3 million reversed the decreased experienced in fiscal year 2019-2020 of \$1.4 million. In addition, the City increased the committed fund balance for asset replacement for the future purchase of several large pieces of equipment. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures.

The debt service fund had a total restricted fund balance of \$438 thousand, virtually unchanged from the \$432 thousand reported in the year prior. The total fund balance is restricted for the payment of debt service.

The City received \$2.0 million in American Rescue Plan Act funding for pandemic relief and utility infrastructure projects. The City has three years to spend the money and must return any unused funds. The City is evaluating the best uses for these funds to benefit the citizenry. None of the funds were spent as of September 30, 2021.

Proprietary Funds – The City's proprietary funds provide the same type of information found in the government-wide financial statements. Unrestricted net position of the water and sewer fund (including the utility development replacement and renewal fund) was \$400 thousand or 10% of annual operating expenses. Due to the periodic tank painting performed in 2021, this was a decrease from 2020. The Storm Water fund at the end of the current fiscal year had \$229 thousand or approximately 44% of annual operating and non-operating expenses for the funds. This was a minor change over the previous year.

Budgetary Highlights

General Fund – One amendment was made to the original budget but it did not change total expenditures. The budget anticipated adding \$297 thousand to fund balance. During the year, general fund revenues exceeded budgetary estimates by \$1.4 million and expenditures were less than budgetary estimates by \$1.8 million.

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

- \$1.4 million over budget in total revenues
 - Sales Tax – Exceeded the budget by \$992 thousand as economic activity returned in 2021.
 - Licenses and Permits – Exceeded the budget by \$485 thousand as more economic activity occurred.

- Investment Earnings – fell short of the budget by \$202 thousand as interest rates stayed low for longer than anticipated.
- \$1.8 million under budget in total expenditures
 - General Government:
 - Council – did not utilize the contingency budgets.
 - Development Services – increased permit activities led to more professional fees to review plans than anticipated.
 - Public Safety – primarily due to personnel vacancies in the Police, Communications, and Fire/EMS departments throughout the fiscal year, as well as, unspent training budgets due to the pandemic.
 - Public Works – primarily due to several vacancies throughout the fiscal year, as well as, lower than anticipated petroleum and utility costs, unspent emergency contingency money for major repairs and other various savings.
 - Recreation – primarily due to many recreational events being cancelled or decreased in size and nature due to the pandemic.

Capital Asset and Debt Administration

Capital Assets - The City's investment in capital assets for its governmental and business-type activities as of September 30, 2021 amounted to \$21.3 (net of accumulated depreciation). This investment in capital assets includes land, buildings, roads, park facilities, the water and wastewater system plants and service lines, machinery and equipment, and construction in progress. The total decrease in the City's investment in capital assets for the current fiscal year was 4.7%.

The City's most significant additions during the year ending September 30, 2021 included water rights and the continuation of concrete fencing on Toepperwein Road. More detailed information is desired on the City's capital asset activity is presented in the notes to the financial statements please refer in note 5 (pages 37-39).

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 1,179,151	\$ 1,170,381	\$ -	\$ 8,770	\$ 1,179,151	\$ 1,179,151
Water Rights	647,021	647,021	2,051,112	1,443,075	2,698,133	2,090,096
Construction in Progress	309,938	149,154	-	-	309,938	149,154
Total Not Depreciated	<u>2,136,110</u>	<u>1,966,556</u>	<u>2,051,112</u>	<u>1,451,845</u>	<u>4,187,222</u>	<u>3,418,401</u>
Buildings and Improvements	14,174,373	14,166,783	-	-	14,174,373	14,166,783
Streets and Infrastructure	14,429,370	14,429,370	-	-	14,429,370	14,429,370
Machinery and Equipment	8,570,999	8,892,128	1,780,864	1,740,973	10,351,863	10,633,101
Water and Sewer System	-	-	10,496,025	10,496,025	10,496,025	10,496,025
Accumulated Depreciation	<u>(23,750,548)</u>	<u>(22,465,182)</u>	<u>(8,595,625)</u>	<u>(8,331,956)</u>	<u>(32,346,173)</u>	<u>(30,797,138)</u>
Total Depreciated	<u>13,424,194</u>	<u>15,023,099</u>	<u>3,681,264</u>	<u>3,905,042</u>	<u>17,105,458</u>	<u>18,928,141</u>
Total	<u>\$ 15,560,304</u>	<u>\$ 16,989,655</u>	<u>\$ 5,732,376</u>	<u>\$ 5,356,887</u>	<u>\$ 21,292,680</u>	<u>\$ 22,346,542</u>

Long-Term Debt – As of September 30, 2021, the City had total bonded debt outstanding of \$11.4 million. This amount is backed by the full faith and credit of the City, although both the Economic Development Corporation and water/sewer operations have historically contributed to the debt service. The City’s bonds decreased \$1.8 million, or 14%.

	Governmental Activities	
	2021	2020
General Obligation Bonds		
Series 2010	\$ 365,000	\$ 715,000
Series 2014	<u>11,030,000</u>	<u>12,475,000</u>
TOTALS	<u>\$ 11,395,000</u>	<u>\$ 13,190,000</u>

The City maintained its Aa3 rating from Moody’s Investor Services during the Series 2014 bond issue process. The City has no legal debt limit provision in its charter. More detailed information about the City’s long-term liabilities is presented in notes 6 and 7 (pages 38-41) of the notes to the financial statements.

Economic Factors and Next Year’s Budgets and Rates

The City’s elected and appointed officials considered many factors when setting the fiscal year 2021 budget, tax rates, and fees that will be charged for the business-type activities. One of the most significant factors continues to be the City’s recent revenue trends. The City’s general fund revenue is primarily made up of property taxes, sales taxes, and franchise fees. Franchise fees increased in 2021 compared to 2020. Sales tax revenues continue to make up the biggest source of primary revenue. The City has seen some substantial increases in its sales tax revenue since 2015.

These increases are reflective of a strong economy comeback and some substantial commercial growth. 2021 reveals the strong comeback from the pandemic prone 2020 fiscal year. The economy in the area continues to be extremely favorable. Sales tax will always be continually monitored because of its volatile nature. A moderate increase over last year’s budget was approved and management will keep close watch to see what effects the economy would have throughout the year.

The general fund’s largest controllable revenue source is property taxes. The property tax rate during fiscal year 2021 was \$0.412217 per \$100 valuation, a decrease of \$0.002469 from 2020. Of this tax rate, \$0.313911 is utilized for general fund activities. The remaining amount of \$0.098306 is used for debt service. The rate for fiscal year 2021 was the effective tax rate. The City’s portion of the sales tax rate is one and one-half cents, with an additional half cent for economic development. The general fund receives one and one-half cent with a half cent as an instrument of property tax reduction.

Despite all the good things that happened around the City of Live Oak over the past several years, the City was not immune to a global pandemic that swept across the globe. COVID-19 started in 2020 but continued on through 2021. During the early months of the pandemic, the City of Live Oak saw double digit decreases in its monthly sales tax remittance. But throughout 2021, the City of Live Oak continued to see really good sales tax revenue numbers. The City ended the Fiscal Year 2021 very strong. Overall, the Metrocom area sustained fiscal stability throughout the continuation of the COVID-19 pandemic. Even as we start into the new fiscal year, the economy continues to be on a positive track in this area. This area again continues to perform as good or better than any other area in the state or even the nation.

The City enjoyed several grand openings of retail and food establishments during the economic struggles in 2020-2021. There are many more slated to open in 2022 and onward. Northeast Lakeview College enrollment has grown substantially since opening their doors. Northeast Lakeview College has a plan to become a major, higher education player for the region in the future with over 15,000 students. The Judson Early College Academy (JECA) offers students with an opportunity to not only earn their high school degree, but they will have also have earned an equivalent to an associate's degree as well. Students will have the ability to transfer these college credits to almost any college of choice. The Eagle Ford Shale development, one of the nation's biggest oil and natural gas fields, has provided a tremendous economic impact to neighboring counties that has spilled over into this area. Over the last couple of years, the oil industry has been in the process of making a welcomed comeback and is still considered to have a solid presence in the area..

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

Requests for Information

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

BASIC FINANCIAL STATEMENTS

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

- Government-wide financial statements
- Fund financial statements
 - Governmental funds
 - Proprietary funds

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

LiveOak
THE CITY OF LIVE OAK TEXAS

**CITY OF LIVE OAK
STATEMENT OF NET POSITION
SEPTEMBER 30, 2021**

	Primary Government			Component Unit
	Governmental	Business-Type	Total	Live Oak Economic Development
	Activities	Activities		
ASSETS				
Cash and Cash Equivalents	\$ 20,750,730	\$ 1,438,770	\$ 22,189,500	\$ 4,534,007
Investments	2,601,931	-	2,601,931	-
Receivables (net of allowances):				
Property Taxes	76,798	-	76,798	-
Sales Tax	1,437,273	-	1,437,273	479,091
Other	384,172	539,187	923,359	-
Accrued Interest	4,800	-	4,800	-
Prepaid Expenses	32,456	-	32,456	624
Capital Assets:				
Land	1,179,151	-	1,179,151	44,513
Construction in Progress	309,938	-	309,938	-
Water Rights	647,021	2,051,112	2,698,133	-
Buildings and Improvements (net)	5,456,885	-	5,456,885	-
Streets and Infrastructure (net)	6,235,437	-	6,235,437	-
Machinery and Equipment (net)	1,731,872	158,791	1,890,663	-
Water and Sewer System (net)	-	3,522,473	3,522,473	-
TOTAL ASSETS	40,848,464	7,710,333	48,558,797	5,058,235
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Pension Related Outflows	874,649	106,526	981,175	-
Deferred OPEB Related Outflows	86,236	10,656	96,892	-
Deferred Charge on Bond Refunding	89,652	-	89,652	-
TOTAL DEFERRED OUTFLOW OF RESOURCES	1,050,537	117,182	1,167,719	-
LIABILITIES				
Accounts Payable	1,147,786	520,132	1,667,918	207,935
Accrued Interest Payable	77,262	-	77,262	-
Accrued Wages	230,522	26,293	256,815	2,983
Customer Deposits Payable	4,320	131,498	135,818	-
Unearned Revenue	2,044,110	-	2,044,110	-
Long-term Liabilities				
Due in One Year	2,009,774	13,069	2,022,843	2,225
Due in More than One Year	10,868,999	39,207	10,908,206	6,675
Net Pension Liability	4,464,099	548,546	5,012,645	-
Total Other Postemployment Benefit Liability	408,968	50,933	459,901	-
TOTAL LIABILITIES	21,255,840	1,329,678	22,585,518	219,818
DEFERRED INFLOWS OF RESOURCES				
Deferred Pension Related Inflows	1,082,620	133,254	1,215,874	-
Deferred OPEB Related Inflows	23,183	2,669	25,852	-
TOTAL DEFERRED INFLOWS OF RESOURCES	1,105,803	135,923	1,241,726	-
NET POSITION				
Net Investment In Capital Assets	3,330,278	5,732,376	9,062,654	44,513
Restricted For:				
Debt Service	378,726	-	378,726	-
Municipal Court	182,870	-	182,870	-
Tourism Development	1,253,979	-	1,253,979	-
Public Safety	357,847	-	357,847	-
Public Education	379,654	-	379,654	-
Coronavirus Relief	56	-	56	-
Unrestricted	13,653,948	629,538	14,283,486	4,793,904
TOTAL NET POSITION	\$ 19,537,358	\$ 6,361,914	\$ 25,899,272	\$ 4,838,417

See accompanying notes to basic financial statements.

CITY OF LIVE OAK
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2021

<u>Functions and Programs</u>	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
<i>Governmental Activities:</i>				
General Government	\$ 3,237,399	\$ 1,308,041	\$ 150,000	\$ -
Public Safety	8,446,080	219,695	38,239	39,000
Public Works	2,988,661	10,957	-	-
Recreation	233,671	36,442	-	-
Interest and Fiscal Agent Fees	353,002	-	736,710	-
<i>Total Governmental Activities</i>	<u>15,258,813</u>	<u>1,575,135</u>	<u>924,949</u>	<u>39,000</u>
<i>Business-Type Activities</i>				
Water/Wastewater Utilities	4,105,442	4,282,722	-	608,037
Storm Water Utility	520,732	614,169	-	-
Utility Renewal & Replacement	906,941	-	158,000	-
<i>Total Business-Type Activities</i>	<u>5,533,115</u>	<u>4,896,891</u>	<u>158,000</u>	<u>608,037</u>
Total Primary Government	<u><u>\$ 20,791,928</u></u>	<u><u>\$ 6,472,026</u></u>	<u><u>\$ 1,082,949</u></u>	<u><u>\$ 647,037</u></u>
Component Unit:				
Live Oak Economic Development	<u><u>\$ 1,897,203</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
General Revenues:				
Taxes:				
Property Taxes				
Sales and Mixed Beverage Taxes				
Franchise Taxes				
Occupancy Taxes				
Investment Earnings				
Miscellaneous				
Total General Revenues				
Transfers In (Out)				
Change in Net Position				
Net Position at Beginning of Year				
Net Position at End of Year				

See accompanying notes to basic financial statements.

Primary Government			Component Unit
Net (Expense) Revenue and Changes in Net Position			
Governmental Activities	Business-Type Activities	Total	Live Oak Economic Development
\$ (1,779,358)	\$ -	\$ (1,779,358)	\$ -
(8,149,146)	-	(8,149,146)	-
(2,977,704)	-	(2,977,704)	-
(197,229)	-	(197,229)	-
383,708	-	383,708	-
<u>(12,719,729)</u>	<u>-</u>	<u>(12,719,729)</u>	<u>-</u>
-	785,317	785,317	-
-	93,437	93,437	-
-	(748,941)	(748,941)	-
<u>-</u>	<u>129,813</u>	<u>129,813</u>	<u>-</u>
<u>(12,719,729)</u>	<u>129,813</u>	<u>(12,589,916)</u>	<u>-</u>
			<u>(1,897,203)</u>
6,045,605	-	6,045,605	-
7,629,564	-	7,629,564	2,463,557
1,202,761	-	1,202,761	-
521,757	-	521,757	-
14,499	872	15,371	2,419
192,367	10,180	202,547	12,474
<u>15,606,553</u>	<u>11,052</u>	<u>15,617,605</u>	<u>2,478,450</u>
<u>358,994</u>	<u>(358,994)</u>	<u>-</u>	<u>-</u>
3,245,818	(218,129)	3,027,689	581,247
<u>16,291,540</u>	<u>6,580,043</u>	<u>22,871,583</u>	<u>4,257,170</u>
<u>\$ 19,537,358</u>	<u>\$ 6,361,914</u>	<u>\$ 25,899,272</u>	<u>\$ 4,838,417</u>

CITY OF LIVE OAK
BALANCE SHEET – GOVERNMENTAL FUNDS
SEPTEMBER 30, 2021

	Major Funds			Other	Total
	General Fund	Debt Service	American Rescue Plan	Nonmajor Governmental Funds	Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$ 15,300,855	\$ 438,401	\$ 2,044,166	\$ 2,967,308	\$ 20,750,730
Investments	2,601,931	-	-	-	2,601,931
Receivables (net of allowances):					
Property Taxes	59,211	17,587	-	-	76,798
Sales Tax	1,437,273	-	-	-	1,437,273
Other	279,945	-	-	104,228	384,173
Accrued Interest	4,800	-	-	-	4,800
Prepaid Items	32,456	-	-	-	32,456
TOTAL ASSETS	\$ 19,716,471	\$ 455,988	\$ 2,044,166	\$ 3,071,536	\$ 25,288,161
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
<i>Liabilities:</i>					
Accounts Payable	\$ 989,662	\$ -	\$ -	\$ 158,123	\$ 1,147,785
Accrued Wages	229,828	-	-	694	230,522
Deposits	4,320	-	-	-	4,320
Unearned Revenue	-	-	2,044,110	-	2,044,110
<i>Total Liabilities</i>	<u>1,223,810</u>	<u>-</u>	<u>2,044,110</u>	<u>158,817</u>	<u>3,426,737</u>
<i>Deferred Inflows of Resources:</i>					
Unavailable Property Tax Revenue	59,211	17,587	-	-	76,798
Unavailable Sales Tax Revenue	771,713	-	-	-	771,713
Unavailable Warrants Revenue	59,551	-	-	-	59,551
<i>Total Deferred Inflows of Resources</i>	<u>890,475</u>	<u>17,587</u>	<u>-</u>	<u>-</u>	<u>908,062</u>
<i>Fund Balances:</i>					
Nonspendable:					
Prepaid Items	32,456	-	-	-	32,456
Restricted for:					
Debt Service	-	438,401	-	-	438,401
Municipal Court	-	-	-	182,870	182,870
Tourism Development	-	-	-	1,253,979	1,253,979
Public Safety	-	-	-	357,847	357,847
Public Education	-	-	-	379,654	379,654
Coronavirus Relief	-	-	56	-	56
Committed For:					
Asset Replacement	4,956,921	-	-	-	4,956,921
Weed Abatement	11,021	-	-	-	11,021
Capital Projects	-	-	-	738,369	738,369
Unassigned	12,601,788	-	-	-	12,601,788
<i>Total Fund Balances</i>	<u>17,602,186</u>	<u>438,401</u>	<u>56</u>	<u>2,912,719</u>	<u>20,953,362</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 19,716,471	\$ 455,988	\$ 2,044,166	\$ 3,071,536	\$ 24,439,650

See accompanying notes to basic financial statements.

CITY OF LIVE OAK
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2021

TOTAL FUND BALANCE - TOTAL GOVERNMENTAL FUNDS \$ 20,953,362

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital Assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. 15,560,304

Other long-term assets are not available to pay for current-period expenditures and, therefore, are not recognized as revenue in the funds. 908,062

Accrued vacation leave payable is not due and payable in the current period and, therefore, is not reported in the funds. (559,096)

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

Bonds Payable	(11,395,000)	
Unamortized Premiums	(924,679)	
Deferred Charges on Bond Refundings	89,652	
Accrued Interest Payable	<u>(77,262)</u>	(12,307,289)

Net Pension Liabilities (and related deferred inflows and outflows of resources) do not consume current financial resources are not reported in governmental funds:

Net Pension Liability	(4,464,099)	
Pension Related Deferred Inflows	(1,082,620)	
Pension Related Deferred Outflows	<u>874,649</u>	(4,672,070)

OPEB Liabilities (and related deferred inflows and outflows of resources) do not consume current financial resources are not reported in governmental funds:

OPEB Liability	(408,968)	
OPEB Related Deferred Inflows	(23,183)	
OPEB Related Deferred Outflows	<u>86,236</u>	<u>(345,915)</u>

TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES \$ 19,537,358

CITY OF LIVE OAK
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Major Funds			Other	Total Governmental Funds
	General Fund	Debt Service	American Rescue Plan	Nonmajor Governmental Funds	
REVENUES					
Property Taxes	\$ 4,617,307	\$ 1,416,718	\$ -	\$ -	\$ 6,034,025
Sales and Mixed Beverage Taxes	7,581,891	-	-	-	7,581,891
Franchise Taxes	1,092,601	-	-	37,815	1,130,416
Occupancy Tax	-	-	-	521,757	521,757
Licenses and Permits	846,269	-	-	-	846,269
Grants and Donations	85,219	736,710	-	-	821,929
Charges for Services	256,924	-	-	26,935	283,859
Fines and Forfeitures	519,210	-	-	30,121	549,331
Investment Earnings	12,506	376	56	1,563	14,501
Miscellaneous	218,250	-	-	56,286	274,536
TOTAL REVENUES	<u>15,230,177</u>	<u>2,153,804</u>	<u>56</u>	<u>674,477</u>	<u>18,058,514</u>
EXPENDITURES					
<i>Current:</i>					
General Government	2,467,641	-	-	488,766	2,956,407
Public Safety	7,696,075	-	-	15,516	7,711,591
Public Works	2,070,046	-	-	2,020	2,072,066
Recreation	226,089	-	-	-	226,089
<i>Capital Outlay</i>	307,343	-	-	441,760	749,103
<i>Debt Service:</i>					
Principal	-	1,795,000	-	-	1,795,000
Interest and Fiscal Charges	-	522,408	-	-	522,408
TOTAL EXPENDITURES	<u>12,767,194</u>	<u>2,317,408</u>	<u>-</u>	<u>948,062</u>	<u>16,032,664</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>2,462,983</u>	<u>(163,604)</u>	<u>56</u>	<u>(273,585)</u>	<u>2,025,850</u>
OTHER FINANCING SOURCES (USES)					
Sales of Capital Assets	52,881	-	-	-	52,881
Transfers In	248,222	170,502	-	6,500	425,224
Transfers Out	(25,157)	-	-	(20,000)	(45,157)
TOTAL OTHER FINANCING SOURCES (USES)	<u>275,946</u>	<u>170,502</u>	<u>-</u>	<u>(13,500)</u>	<u>432,948</u>
Net Change in Fund Balance	2,738,929	6,898	56	(287,085)	2,458,798
Fund Balances at Beginning of Year	<u>14,863,257</u>	<u>431,503</u>	<u>-</u>	<u>3,199,804</u>	<u>18,494,564</u>
Fund Balances at End of Year	<u>\$ 17,602,186</u>	<u>\$ 438,401</u>	<u>\$ 56</u>	<u>\$ 2,912,719</u>	<u>\$ 20,953,362</u>

See accompanying notes to basic financial statements.

CITY OF LIVE OAK
RECONCILIATION OF THE STATEMENT OF REVENUES,
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2021

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS \$ 2,458,798

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 allocated over their estimated useful lives and reported as depreciation expense.

Capital Outlay	497,185	
Depreciation Expense	<u>(1,905,463)</u>	(1,408,278)

Governmental funds report gross proceeds from the sale of capital assets, however in the statement of activities, the proceeds are reduced by the net book value of the capital assets disposed. (21,073)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. 37,104

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, which the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any affect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Principal Repayments	1,795,000	
Amortization of Premiums, Losses	<u>159,847</u>	1,954,847

Governmental funds report required contributions to employee pensions as expenditures. However, in the Statement of Activities the cost of the pension is recorded based on the actuarially determined cost of the plan. This is the amount that actuarially determined pension expense exceeded contributions. 430,900

Governmental funds report required contributions to OPEB as expenditures. However, in the Statement of Activities the cost of the expense is recorded based on the actuarially determined cost of the plan. This is the amount that actuarially determined OPEB expense exceeded contributions. (38,333)

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

Compensated Absences	(177,703)	
Accrued Interest	9,556	<u>(168,147)</u>

CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES \$ 3,245,818

See accompanying notes to basic financial statements.

CITY OF LIVE OAK
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
SEPTEMBER 30, 2021

	Business-Type Activities			Total
	Major Funds		Nonmajor	
	Water and Wastewater Utilities	Storm Water Utility	Utility Renewal & Replacement	
ASSETS				
<i>Current Assets:</i>				
Cash and Cash Equivalents	\$ 193,457	\$ 355,403	\$ 889,910	\$ 1,438,770
Accounts Receivable, Net of Allowance:				
Customer Accounts	460,518	78,669	-	539,187
<i>Total Current Assets</i>	<u>653,975</u>	<u>434,072</u>	<u>889,910</u>	<u>1,977,957</u>
<i>Noncurrent Assets:</i>				
Capital Assets:				
Water Rights	2,051,112	-	-	2,051,112
Water and Wastewater System (net)	3,522,473	-	-	3,522,473
Transportation and Equipment (net)	107,497	51,294	-	158,791
<i>Total Noncurrent Assets</i>	<u>5,681,082</u>	<u>51,294</u>	<u>-</u>	<u>5,732,376</u>
TOTAL ASSETS	<u>6,335,057</u>	<u>485,366</u>	<u>889,910</u>	<u>7,710,333</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Pension Related Outflows	78,616	27,910	-	106,526
Deferred OPEB Related Outflows	7,751	2,905	-	10,656
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>86,367</u>	<u>30,815</u>	<u>-</u>	<u>117,182</u>
TOTAL ASSETS & DEFERRED OUTFLOWS	<u>\$ 6,421,424</u>	<u>\$ 516,181</u>	<u>\$ 889,910</u>	<u>\$ 7,827,515</u>
LIABILITIES				
<i>Current Liabilities:</i>				
Accounts Payable	\$ 261,942	\$ 16,011	\$ 242,179	\$ 520,132
Accrued Wages	17,572	8,721	-	26,293
Current Portion of Compensated Absences	9,826	3,243	-	13,069
Customer Deposits Payable	131,498	-	-	131,498
<i>Total Current Liabilities</i>	<u>420,838</u>	<u>27,975</u>	<u>242,179</u>	<u>690,992</u>
<i>Noncurrent Liabilities:</i>				
Compensated Absences	29,477	9,730	-	39,207
Net Pension Liability	401,258	147,288	-	548,546
Total Other Postemployment Benefit Liability	36,762	14,171	-	50,933
<i>Total Noncurrent Liabilities</i>	<u>467,497</u>	<u>171,189</u>	<u>-</u>	<u>638,686</u>
TOTAL LIABILITIES	<u>888,335</u>	<u>199,164</u>	<u>242,179</u>	<u>1,329,678</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred Pension Related Inflows	97,314	35,940	-	133,254
Deferred OPEB Related Inflows	2,084	585	-	2,669
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>99,398</u>	<u>36,525</u>	<u>-</u>	<u>135,923</u>
NET POSITION				
Net Investment in Capital Assets	5,681,082	51,294	-	5,732,376
Unrestricted	(247,391)	229,198	647,731	629,538
TOTAL NET POSITION	<u>5,433,691</u>	<u>280,492</u>	<u>647,731</u>	<u>6,361,914</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	<u>\$ 6,421,424</u>	<u>\$ 516,181</u>	<u>\$ 889,910</u>	<u>\$ 7,827,515</u>

See accompanying notes to basic financial statements.

CITY OF LIVE OAK
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Business-Type Activities			Total
	Major Funds		Nonmajor	
	Water and Wastewater Utilities	Storm Water Utility	Utility Renewal & Replacement	
OPERATING REVENUES				
Water Sales	\$ 1,463,825	\$ -	\$ -	\$ 1,463,825
Sewer Charges	1,988,872	-	-	1,988,872
Garbage Collection	747,058	-	-	747,058
Storm Water Charges	-	603,669	-	603,669
Penalties and Fees	72,755	-	-	72,755
Other Charges	10,212	10,500	-	20,712
TOTAL OPERATING REVENUES	4,282,722	614,169	-	4,896,891
OPERATING EXPENSES				
Personnel	840,551	367,612	-	1,208,163
Supplies	180,627	21,008	-	201,635
Administration and Other	95,886	78,741	-	174,627
Maintenance	48,182	37,062	906,941	992,185
Sewage Treatment	1,755,897	-	-	1,755,897
Garbage Service	745,930	-	-	745,930
Utilities	162,447	2,881	-	165,328
Water Lease	17,074	-	-	17,074
Depreciation	258,848	13,428	-	272,276
TOTAL OPERATING EXPENSES	4,105,442	520,732	906,941	5,533,115
OPERATING INCOME (LOSS)	177,280	93,437	(906,941)	(636,224)
NONOPERATING REVENUES (EXPENSES)				
Investment Earnings	164	192	516	872
Contributions	608,037	-	158,000	766,037
Gain on Sales of Capital Assets	10,180	-	-	10,180
TOTAL NONOPERATING REVENUES	618,381	192	158,516	777,089
INCOME BEFORE TRANSFERS	795,661	93,629	(748,425)	140,865
TRANSFERS				
Transfers In	29,500	48,500	310,000	388,000
Transfers Out	(611,772)	(135,222)	-	(746,994)
TOTAL TRANSFERS	(582,272)	(86,722)	310,000	(358,994)
CHANGE IN NET POSITION	213,389	6,907	(438,425)	(218,129)
NET POSITION AT BEGINNING OF YEAR	5,220,302	273,585	1,086,156	6,580,043
NET POSITION AT END OF YEAR	\$ 5,433,691	\$ 280,492	\$ 647,731	\$ 6,361,914

See accompanying notes to basic financial statements.

CITY OF LIVE OAK
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Business-Type Activities			Total
	Major Funds		Nonmajor	
	Water and Wastewater Utilities	Storm Water Utility	Utility Renewal & Replacement	
Cash Flows From Operating Activities:				
Cash Received From Customers	\$ 4,250,865	\$ 612,728	\$ -	\$ 4,863,593
Cash Paid to Supplier for Goods & Services	(3,068,552)	(141,291)	(703,223)	(3,913,066)
Cash Paid for Employee Salaries and Benefits	(868,880)	(380,743)	-	(1,249,623)
Net Cash Provided (Used) by Operating Activities	<u>313,433</u>	<u>90,694</u>	<u>(703,223)</u>	<u>(299,096)</u>
Cash Flows From Capital and Related Financing Activities:				
Acquisition and Construction of Capital Assets	-	(18,657)	-	(18,657)
Contributions Towards Projects	-	-	158,000	158,000
Sales of Capital Assets	10,180	-	-	10,180
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>10,180</u>	<u>(18,657)</u>	<u>158,000</u>	<u>149,523</u>
Cash Flows From Noncapital Financing Activities:				
Transfers from Other Funds	38,270	18,657	310,000	366,927
Transfers to Other Funds	(611,772)	(135,222)	-	(746,994)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(573,502)</u>	<u>(116,565)</u>	<u>310,000</u>	<u>(380,067)</u>
Cash Flows From Investing Activities:				
Interest and Investment Earnings	164	192	516	872
Net Cash Provided (Used) by Investing Activities	<u>164</u>	<u>192</u>	<u>516</u>	<u>872</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(249,725)	(44,336)	(234,707)	(528,768)
Cash and Cash Equivalents at Beginning of Year:	<u>443,182</u>	<u>399,739</u>	<u>1,124,617</u>	<u>1,967,538</u>
Cash and Cash Equivalents at End of Year:	<u>\$ 193,457</u>	<u>\$ 355,403</u>	<u>\$ 889,910</u>	<u>\$ 1,438,770</u>

See accompanying notes to basic financial statements.

CITY OF LIVE OAK
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Business-Type Activities			Total
	Major Funds		Nonmajor	
	Water and Wastewater Utilities	Storm Water Utility	Utility Renewal & Replacement	
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:				
Operating Income	\$ 177,280	\$ 93,437	\$ (906,941)	\$ (636,224)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation	258,848	13,428	-	272,276
Decrease (Increase) in Assets:				
Accounts Receivable (net)	(27,907)	(1,441)	-	(29,348)
Deferred Pension Related Outflows	(70,261)	(24,778)	-	(95,039)
Deferred OPEB Related Outflows	45	20	-	65
Increase (Decrease) in Liabilities:				
Accounts Payable	(62,509)	(1,599)	203,718	139,610
Accrued Wages	198	1,629	-	1,827
Compensated Absences	6,765	447	-	7,212
Customer Deposits	(3,950)	-	-	(3,950)
Net Pension Liability	(56,970)	(24,547)	-	(81,517)
Total OPEB Liability	6,905	2,975	-	9,880
Deferred Pension Related Inflows	88,492	32,633	-	121,125
Deferred OPEB Related Inflows	(3,503)	(1,510)	-	(5,013)
Net Cash Provided (Used) by Operating Activities	\$ 313,433	\$ 90,694	\$ (703,223)	\$ (299,096)
Noncash Activities				
Transfer of Capital Assets Between Activities				
Historical Cost	\$ (22,390)	\$ 53,411	\$ -	\$ 31,021
Accumulated Depreciation	13,620	(23,568)	-	(9,948)
Net Book Value	(8,770)	-	-	(8,770)
Contribution of Water Rights	608,037	-	-	608,037

See accompanying notes to basic financial statements.

CITY OF LIVE OAK
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

Discretely presented component unit

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

B. Government-Wide and Fund Financial Statements

The government-wide financial statements include the statement of net position and statement of activities. Government-wide statements report information on all of the activities of the City. The effect of interfund transfers has been removed from the government-wide statements but continues to be reflected on the fund statements. The values of interfund services provided and used are not eliminated in the government-wide financial statements, as elimination of those charges would distort the direct costs reported for the various functions. Governmental activities are supported mainly by taxes and intergovernmental revenues. Business-type activities are financed whole or in part by fees charged to external parties for goods and services. The City has no fiduciary funds.

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

CITY OF LIVE OAK
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2021

NOTE 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Government-Wide and Fund Financial Statements (Continued)

Separate fund financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements..

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. This measurement focus is also used for the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash revenue types, which have been accrued, revenue from the investments, intergovernmental revenue and charges for services. Grants are recognized as revenue when all applicable eligibility requirements imposed by the provider are met.

Revenues are classified as program revenues and general revenues. Program revenues include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions. General revenues include all taxes, grants not restricted to specific programs and investment earnings.

Governmental fund level financial statements are reported using the current financial resources measurement focus and modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenue to be available if collected within 30 (thirty) days of the end of the current fiscal period. Receivables which are measurable but not collectible are reported as deferred inflows of resources. Property taxes which are levied prior to September 30, 2020, and became due October 1, 2020 have been assessed to finance the budget of the fiscal year beginning October 1, 2020 and, accordingly, have been reflected as deferred inflow of resources and taxes receivable in the fund financial statement at September 30, 2021.

Franchise taxes, hotel/motel taxes, interest and fees associated with the current fiscal year are considered to be susceptible to accrual and so have been recognized as revenue in the current fiscal period. All other revenue items received by the government are considered to be measurable and available only when the cash is received by the City.

Expenditures generally are recorded when a fund liability is incurred; however, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when the liability has matured and payment is due.

The proprietary funds are accounted for using the accrual basis of accounting as follows:

- Revenues are recognized when earned, and expenses are recognized when liabilities are incurred.
- Current-year contributions, administrative expenses and benefit payments, which are not received or paid until the subsequent year, are accrued.

CITY OF LIVE OAK
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2021

NOTE 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Proprietary funds distinguish operating revenues and expenses from non-operating. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

The government reports the following major governmental funds:

General Fund is the general operating fund of the City and is always classified as a major fund. The general fund is used to account for all financial resources except those required to be accounted for in another fund. Major revenue sources include property taxes, sales taxes and franchise fees. Primary expenditures are for general government, public safety, public works and recreation.

Debt Service Fund accounts for financial resources to be used for the payment of long term debt.

American Rescue Plan Fund holds the advance funds received the Texas Department of Emergency Management to recover from the effects of the COVID-19 pandemic and stimulate economic growth. The fund is considered a capital projects fund as it will primarily be used to finance capital projects in the City.

The government reports the following major proprietary funds:

Water and Wastewater Utility Fund accounts for water and sewage treatment services provided to citizens and businesses.

Storm Water Fund accounts for fees charged to citizens and businesses for impervious cover to develop systems to collect and distribute storm water within the City.

D. Cash and Cash Equivalents

The City considers all highly liquid investments including cash in banks, cash on hand, and local government investment pools to be cash equivalents.

E. Investments

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

CITY OF LIVE OAK
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2021

NOTE 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Investments (Continue)

Investments are stated at fair value except for certificates of deposit and local government investment pools. Those investments are stated at amortized cost. The fair value framework uses a hierarchy that prioritizes the inputs to the valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

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

Level 2 - Inputs to the valuation methodology include:

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

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

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

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

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

F. Receivables

Property taxes are levied based on taxable value at January 1 prior to September 30 and become due October 1, 2020 and past due after January 31, 2021. Accordingly, receivables and revenues for property taxes are reflected on the government-wide statement based on the full accrual method of accounting.

Accounts receivable from other governments include amounts due from grantors for approved grants for specific programs and reimbursements for services performed by the City. Program grants are recorded as receivables and revenues at the time all eligibility requirements established by the provider have been met.

CITY OF LIVE OAK
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2021

NOTE 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Receivables (Continued)

Reimbursements for services performed are recorded as receivables and revenues when they are earned in the government-wide statements. Included are fines and costs assessed by the court action and billable services for certain contracts. Revenues received in advance of the costs being incurred are recorded as deferred inflows of resources in the fund statements. Receivables are shown net of an allowance for uncollectibles.

G. Short-Term Inter-fund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as “due from other funds” or “due to other funds” on fund statements. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances”.

H. Prepaid Items

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

I. Capital Assets

Capital assets, which include land, buildings and improvements, equipment, and infrastructure assets are reported in the applicable governmental or business type activities column in the government-wide financial statements. Capital assets such as equipment are defined as assets with a cost of \$5,000 or more. Infrastructure assets include city-owned streets, sidewalks, curbs and bridges. Capital assets are recorded at historical costs if purchased or constructed. Donated capital assets, donated works of art and capital assets received in a service concession arrangement are recorded at acquisition value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Interest has not been capitalized during the construction period on property plant and equipment.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Asset	Useful Lives (Years)
Buildings	15-25
Streets and Infrastructure	20-30
Equipment	5-10
Water and Sewer System	25-50

CITY OF LIVE OAK
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2021

NOTE 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Compensated Absences

The City's employees earn vacation and sick leave which may either be taken or accumulated, up to certain amounts. Only unused vacation will be paid upon resignation or retirement. Vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. Vested or accumulated vacation leave and compensatory time that is expected to be liquidated with expendable available resources is reported as an expenditure and fund liability of the governmental fund that will pay for it. The City is responsible for payment of vested or accumulated vacation leave and compensatory time. Amounts of vested or accumulated vacation leave and compensatory time that are not expected to be liquidated with expendable available financial resources are reported in the government wide statements. Vested or accumulated vacation leave and compensatory time of the proprietary funds is recorded as an expense and liability of that fund as the benefits accrue to employees. Compensated absences are reported in the governmental funds only if they have matured (i.e., unused reimbursable leave outstanding following an employee's resignation or retirement). The general fund is the governmental fund that has typically been used in prior years to liquidate the liability for compensated absences.

K. Deferred Inflows/Outflows of Resources

In addition to assets, the statement of financial 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 assets that applies to future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City currently has deferred outflows related to a pension, other postemployment benefit and differences resulting from debt refundings.

Deferred inflows of resources represent an acquisition of net assets that applies to a future period and so will not be recognized as an inflow of resource (revenue) until that time. Unavailable revenue is reported only in the governmental funds balance sheet under a modified basis of accounting. Unavailable revenues from property tax are deferred and recognized as an inflow of resources in the period the amounts become available. The City also has pension and OPEB related deferred inflows.

L. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the Texas Municipal Retirement System (TMRS) and additions to/deduction from TMRS's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The general fund has typically been used in prior years to liquidate pension liabilities.

CITY OF LIVE OAK
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2021

NOTE 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. OPEB Liability

For purposes of measuring the OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions, and OPEB expense, information about the Total OPEB Liability of the Texas Municipal Retirement System (TMRS) and additions to/deduction from TMRS's Total OPEB Liability have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. The general fund has typically been used in the prior year to liquidate OPEB liabilities.

N. Long-Term Obligations

Debt is defined as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. For this purpose, debt does not include leases, except for contracts reported as a financed purchase of the underlying asset, or accounts payable.

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities under governmental activities or proprietary fund type statement of net position. On new bond issues, bond premium and discounts are deferred and amortized over the life of the term of the related debt. Loss on refundings and bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method, which approximates the effective interest method

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts 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.

O. Net Position

Net Position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

CITY OF LIVE OAK
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2021

NOTE 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. Fund Balance

Five categories of fund balances were created and defined by GASB 54. These five categories are as follows:

- **Restricted** – These funds are governed by externally enforceable restrictions.
- **Non-spendable** – These funds are not available for expenditures based on legal or contractual requirements. An example might be inventories and prepaid expenditures.
- **Committed** - Fund balances in this category are limited by the government's highest level of decision making (in this case the City Council). Any changes of this designation must be done in the same manner that it was implemented. For example, if funds are committed by resolution, the commitment could only be released with another resolution.
- **Assigned** – For funds to be assigned, there must be an intended use which can be established by the City Council or an official delegated by the Council, such as a City Manager or Finance Director. Assigned fund balance is delegated by the City Council to the Director of Finance.
- **Unassigned** - This classification is the default for all funds that do not fit into the other categories. The general fund is the only fund that reports a positive fund balance amount. However, in governmental funds other than the general fund, if expenditures incurred for a specific purposes, it may be necessary to report a negative unassigned fund balance in that particular fund.

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

Q. Inter-fund Transactions

Legally authorized transfers are treated as inter-fund transfers and are included in the results of operations of both governmental and proprietary funds.

R. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the enterprise. For the City, those revenues are charges for services. Operating expenses are necessary costs incurred to provide the service that is the primary activity. Revenues and expenses not meeting these definitions are reported as non-operating.

CITY OF LIVE OAK
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2021

NOTE 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

S. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

T. Changes in Presentation

Comparative information may be presented difference from previous reports to conform to the presentation in the current period financial statements. The changes in presentation did not change any fund balances or net positions.

NOTE 2 -- INVESTMENTS

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

The City's investments at September 30, 2021 are as shown below:

Investment Type	Reported Value	Weighted Average Maturity in Days	Rating	Agency
Primary Government:				
<i>Reported in Cash Equivalents</i>				
Texpool (Local Government Investment Pool)	\$ 21,664,796	37	AAAm	Standard & Poor's
<i>Reported as Investments</i>				
U.S. Agency Securities	897,552	779	AA+	Standard & Poor's
Local Government Bonds	1,704,379	462	AA/AAA	Standard & Poor's
<i>Total Reported as Investments</i>	<u>2,601,931</u>	572		
Total Primary Government	<u>\$ 24,266,727</u>	94		
Economic Development Corporation (EDC):				
<i>Reported in Cash Equivalents</i>				
Texpool (Local Government Investment Pool)	\$ 4,773,352	37	AAAm	Standard & Poor's
Total EDC	<u>\$ 4,773,352</u>	37		

CITY OF LIVE OAK
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2021

NOTE 2 -- INVESTMENTS (CONTINUED)

Public funds investment pools in Texas (Pools) are established under the authority of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act (the Act), Chapter 2256 of the Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires pools to: (1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; (2) maintain a continuous rating of no lower than AAA or AAAM (or equivalent) rating by at least one nationally recognized rating service; and (3) maintain the fair value of its underlying investment portfolio within one-half of one percent of the value of its shares.

Texpool is an external investment tailored to meet the investment needs of Texas local governments and are valued at amortized cost. It does not have any minimum or maximum transaction or balance amounts and the investment balances are accessible on the same day as the request pending end of business time constraints.

Investment valuation. The City categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of assets. The City's investments for all funds at fiscal year end are listed below at fair value. The City has the following recurring fair value measurements as of September 30, 2021:

Investments Reported at Fair Value	Fair Value	Level 1	Level 2	Level 3
Primary Government:				
U.S. Agency Securities	\$ 897,552	\$ -	\$ 897,552	\$ -
Local Government Bonds	1,704,379	-	1,704,379	-
Total Primary Government	\$ 2,601,931	\$ -	\$ 2,601,931	\$ -

The following is an analysis of the investment risks of the City.

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

Credit Risk. The City's investment policy states that municipal obligations and other debt investments will be rated not less than A and pools will be no lower than AAA rated. The state comptroller of public accounts exercises oversight responsibility over TexPool, a local government investment pool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters.

Custodial Credit Risk. The City's (and the Economic Development Corporation's) deposits are collateralized by a combination of FDIC coverage and pledged collateral from the City's depository. Funds were fully covered.

CITY OF LIVE OAK
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2021

NOTE 2 -- INVESTMENTS (Continued)

C. Analysis of Specific Deposit and Investment Risks (Continued)

For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All of the government securities owned by the City are held by its agent in the City's name.

Concentration of Credit Risk. None of the City's investments in any one agency exceeded 3% of total investments.

NOTE 3 -- RECEIVABLES

Receivables consist of the following as of September 30, 2021:

	Governmental Funds			Proprietary Fund	Proprietary Fund	Discrete Component Unit
	General	Debt Service	Other Nonmajor Funds	Water and Wastewater Utility	Storm Water Utility	Economic Development Corporation
<i>Receivables:</i>						
Property Taxes	\$ 74,014	\$ 21,984	\$ -	\$ -	\$ -	\$ -
Sales Tax	1,437,273	-	-	-	-	479,091
Franchise Taxes	211,044	-	13,430	-	-	-
Occupancy Taxes	-	-	72,143	-	-	-
Customers	-	-	-	575,467	78,669	-
Court Fines	238,206	-	-	-	-	-
Other	9,349	-	18,655	1,558	-	-
Gross Receivables	1,969,886	21,984	104,228	577,025	78,669	479,091
Less: Allowance for Uncollectibles	(193,457)	(4,397)	-	(116,507)	-	-
Net Total Receivables	<u>\$ 1,776,429</u>	<u>\$ 17,587</u>	<u>\$ 104,228</u>	<u>\$ 460,518</u>	<u>\$ 78,669</u>	<u>\$ 479,091</u>

NOTE 4 -- PROPERTY TAX

Taxes are levied on and payable as of October 1. The City has contracted with the Bexar County Tax Assessor/Collector to collect taxes on its behalf. Current year taxes become delinquent February 1. Current year delinquent taxes not paid by July 1 are turned over to attorneys for collection action. For fiscal year 2021, the assessed tax rate for the City was \$0.412217 per \$100 on an assessed valuation of \$1.84 billion. This is broken out as \$0.313911 per \$100 for maintenance and operations and \$0.098306 per \$100 for debt retirement. Total tax levy for fiscal year 2020 (tax year 2020) is \$6.21 million. As of September 30, 2021, the delinquent current taxes for 2021 were \$33,809.

CITY OF LIVE OAK
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2021

NOTE 5 -- CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2021 was as follows:

	Beginning Balance	Additions	Transfers	Disposals	Ending Balance
Governmental Activities:					
<i>Capital Assets, Not Being Depreciated:</i>					
Land	\$ 1,170,381	\$ -	\$ 8,770	\$ -	\$ 1,179,151
Water Rights	647,021	-	-	-	647,021
Construction in Progress	149,154	160,784	-	-	309,938
<i>Total Capital Assets Not Being Depreciated</i>	<u>1,966,556</u>	<u>160,784</u>	<u>8,770</u>	<u>-</u>	<u>2,136,110</u>
<i>Capital Assets, Being Depreciated:</i>					
Buildings and Improvements	14,166,783	7,590	-	-	14,174,373
Streets and Infrastructure	14,429,370	-	-	-	14,429,370
Machinery and Equipment	8,892,128	328,811	(39,791)	(610,149)	8,570,999
<i>Total Capital Assets Being Depreciated</i>	<u>37,488,281</u>	<u>336,401</u>	<u>(39,791)</u>	<u>(610,149)</u>	<u>37,174,742</u>
<i>Accumulated Depreciation:</i>					
Buildings and Improvements	(8,198,700)	(518,788)	-	-	(8,717,488)
Streets and Infrastructure	(7,535,753)	(658,180)	-	-	(8,193,933)
Machinery and Equipment	(6,730,729)	(728,495)	9,948	610,149	(6,839,127)
<i>Total Accumulated Depreciation</i>	<u>(22,465,182)</u>	<u>(1,905,463)</u>	<u>9,948</u>	<u>610,149</u>	<u>(23,750,548)</u>
Total Capital Assets Being Depreciated, Net	<u>15,023,099</u>	<u>(1,569,062)</u>	<u>(29,843)</u>	<u>-</u>	<u>13,424,194</u>
Governmental Activities Capital Assets, Net	<u>\$ 16,989,655</u>	<u>\$ (1,408,278)</u>	<u>\$ (21,073)</u>	<u>\$ -</u>	<u>\$ 15,560,304</u>
Business-Type Activities:					
<i>Capital Assets, Not Being Depreciated:</i>					
Land	\$ 8,770	\$ -	\$ (8,770)	\$ -	\$ -
Water Rights	1,443,075	608,037	-	-	2,051,112
<i>Total Assets Not Being Depreciated</i>	<u>1,451,845</u>	<u>608,037</u>	<u>(8,770)</u>	<u>-</u>	<u>2,051,112</u>
<i>Capital Assets, Being Depreciated:</i>					
Waster/Wastewater System	10,496,025	-	-	-	10,496,025
Machinery and Equipment	1,740,973	18,655	39,791	(18,555)	1,780,864
<i>Total Capital Assets Being Depreciated</i>	<u>12,236,998</u>	<u>18,655</u>	<u>39,791</u>	<u>(18,555)</u>	<u>12,276,889</u>
<i>Accumulated Depreciation:</i>					
Waster/Wastewater System	(6,746,811)	(226,741)	-	-	(6,973,552)
Machinery and Equipment	(1,585,145)	(45,535)	(9,948)	18,555	(1,622,073)
<i>Total Accumulated Depreciation</i>	<u>(8,331,956)</u>	<u>(272,276)</u>	<u>(9,948)</u>	<u>18,555</u>	<u>(8,595,625)</u>
Total Capital Assets Being Depreciated, Net	<u>3,905,042</u>	<u>(253,621)</u>	<u>29,843</u>	<u>-</u>	<u>3,681,264</u>
Business-Type Activities Capital Assets, Net	<u>\$ 5,356,887</u>	<u>\$ 354,416</u>	<u>\$ 21,073</u>	<u>\$ -</u>	<u>\$ 5,732,376</u>

CITY OF LIVE OAK
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2021

NOTE 5 -- CAPITAL ASSETS (Continued)

	Beginning Balance	Additions	Deletions	Deletions	Ending Balance
Discrete Component Unit					
Live Oak Economic Development Corporation					
<i>Capital Assets, Not Being Depreciated:</i>					
Land	\$ 44,513	\$ -	\$ -	\$ -	\$ 44,513
<i>Total Assets Not Being Depreciated</i>	<u>44,513</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>44,513</u>
<i>Capital Assets, Being Depreciated:</i>					
Machinery and Equipment	26,330	-	-	-	26,330
<i>Total Capital Assets Being Depreciated</i>	<u>26,330</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,330</u>
<i>Accumulated Depreciation:</i>					
Machinery and Equipment	(26,330)	-	-	-	(26,330)
<i>Total Accumulated Depreciation</i>	<u>(26,330)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(26,330)</u>
Total Capital Assets Being Depreciated, Net	-	-	-	-	-
Business-Type Activities Capital Assets, Net	<u>\$ 44,513</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 44,513</u>

Depreciation expense was charged to the governmental functions and business-type activities as follows:

General Government	\$ 151,136
Public Safety	884,728
Public Works	857,653
Recreation	11,946
<i>Total Depreciation Expense - Governmental Activities</i>	<u>\$ 1,905,463</u>
 <i>Business-Type Activities:</i>	
Water and Sewer System	\$ 258,848
Storm Water Utility	13,428
<i>Total Depreciation Expense - Business Type Activities</i>	<u>\$ 272,276</u>

CITY OF LIVE OAK
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2021

NOTE 6 -- LONG-TERM LIABILITIES

Long-term liabilities at September 30, 2021 were comprised of the following items:

	Balance 9/30/2020	Additions	Reductions	Balance 9/30/2021	Due Within One Year
<i>Governmental Activities:</i>					
Bonds and Related Premiums	\$ 14,295,797	\$ -	\$ (1,976,118)	\$ 12,319,679	\$ 1,870,000
Compensated Absences	381,391	273,051	(95,348)	559,094	139,774
Net Pension Liability	5,097,782	568,684	(1,202,367)	4,464,099	-
Other Postemployment Benefit Liability	332,161	82,116	(5,309)	408,968	-
<i>Total Governmental Activities</i>	<u>20,107,131</u>	<u>923,851</u>	<u>(3,279,142)</u>	<u>17,751,840</u>	<u>2,009,774</u>
<i>Business-Type Activities</i>					
Net Pension Liability	630,063	82,442	(163,959)	548,546	-
Other Postemployment Benefit Liability	41,053	10,604	(724)	50,933	-
Compensated Absences	45,064	18,478	(11,266)	52,276	13,069
<i>Total Business-Type Activities</i>	<u>716,180</u>	<u>111,524</u>	<u>(175,949)</u>	<u>651,755</u>	<u>13,069</u>
<i>Total Primary Government</i>	<u>\$ 20,823,311</u>	<u>\$ 1,035,375</u>	<u>\$ (3,455,091)</u>	<u>\$ 18,403,595</u>	<u>\$ 2,022,843</u>

Compensated absences and other postemployment benefit obligations for governmental activities are generally liquidated by the general fund.

NOTE 7 -- BONDS PAYABLE

The City has two outstanding bond issues:

General Obligation Refunding Bonds, Series 2010 were issued in December 2010 for a face amount of \$3.4 million. The bonds mature serially through 2022 and bear interest at 3.064%. The bonds were issued to refund Series 2002 bonds.

General Obligation and Refunding Bonds, Series 2014 were issued in July 2014 for a face amount of \$19.515 million. The bonds were used to finance streets, bridges, sidewalks and park improvements as well as refunding portions of Series 2004 and Series 2005 outstanding bonds. The bonds mature serially through 2034 and bear interest at 4%.

These bonds are primarily secured by future property tax levies. General obligation bonds, combination tax and revenue bonds, and certificates of obligation are subject to the provisions of the Internal Revenue Code of 1986 related to arbitrage and interest income tax regulations under those provisions. The City does not have any arbitrage as of September 30, 2021.

CITY OF LIVE OAK
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2021

NOTE 7 -- BONDS PAYABLE (CONTINUED)

Changes in the bonds for the year ending September 30, 2021 were as follows:

	Balance 9/30/2020	Additions	Reductions	Balance 9/30/2021	Due Within One Year
<i>Governmental Activities:</i>					
Public Offerings:					
2010 General Obligation Bonds	\$ 715,000	\$ -	\$ (350,000)	\$ 365,000	\$ 365,000
Private Placements:					
2014 General Obligation Bonds	12,475,000	-	(1,445,000)	11,030,000	1,505,000
Unamortized Premium	1,105,797	-	(181,118)	924,679	-
<i>Total Governmental Activities</i>	<u>\$ 14,295,797</u>	<u>\$ -</u>	<u>\$ (1,976,118)</u>	<u>\$ 12,319,679</u>	<u>\$ 1,870,000</u>

The annual debt service requirements on these bonds as of September 30, 2021 are as follows:

Year Ending September 30,	Governmental Activities				
	Public Offering Bonds		Private Placement Bonds		Total
	Principal	Interest	Principal	Interest	
2022	\$ 365,000	\$ 11,185	\$ 1,505,000	\$ 441,200	\$ 2,322,385
2023	-	-	1,565,000	381,000	1,946,000
2024	-	-	1,625,000	318,400	1,943,400
2025	-	-	850,000	253,400	1,103,400
2026	-	-	520,000	219,400	739,400
2027-2031	-	-	2,920,000	768,400	3,688,400
2032-2034	-	-	2,045,000	165,800	2,210,800
Total	<u>\$ 365,000</u>	<u>\$ 11,185</u>	<u>\$ 11,030,000</u>	<u>\$ 2,547,600</u>	<u>\$ 13,953,785</u>

NOTE 8 -- PENSION PLAN – TEXAS MUNICIPAL RETIREMENT SYSTEM

A. Plan Description

The City participates as one of 895 plans in the defined benefit cash-balance plan administered by the Texas Municipal Retirement System (TMRS). TMRS is a statewide public retirement plan created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for employees of Texas participating cities. The TMRS Act places the general administration and management of TMRS with a six-member, Governor-appointed Board of Trustees; however, TMRS is not fiscally dependent on the State of Texas. TMRS issues a publicly available Annual Comprehensive Financial Report (Annual Report) that can be obtained at www.tmr.com.

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

CITY OF LIVE OAK
 BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2021

NOTE 8 -- PENSION PLAN – TEXAS MUNICIPAL RETIREMENT SYSTEM (CONTINUED)

B. Benefits Provided

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

At retirement, the member’s benefit is calculated based on the sum of the member’s contributions, with interest, and the City-financed monetary credits with interest. The retiring member may select one of seven monthly benefit payment options. Members may also choose to receive their retirement benefit in one of seven payments options. Members may also choose to receive a portion of their benefit as a lump sum distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the total member's contributions and interest.

At the December 31, 2020 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefit	82
Inactive Employees Entitled to but Not Yet Receiving Benefits	80
Active Employees	115
	277
	277

C. Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of member’s total compensation, and the city matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The city’s contribution rate is based on the liabilities created from the benefit plan options selected by the city and any changes in benefits or actual experience over time.

Employees for the City were required to contribute 7% of their annual compensation during the fiscal year. The City matches employee contributions 2 to 1. The contribution rates for the City were 18.26% and 18.14% for calendar years 2020 and 2021 respectively. The City's contributions to TMRS for the year ended September 30, 2021 were \$1,366,326, and were equal to the required contributions.

D. Net Pension Liability

The City’s Net Pension Liability (NPL) was measured as of December 31, 2020, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

CITY OF LIVE OAK
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2021

NOTE 8 -- PENSION PLAN – TEXAS MUNICIPAL RETIREMENT SYSTEM (CONTINUED)

E. Actuarial Assumptions

The Total Pension Liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall Payroll Growth	2.75% per year
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees is used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2109 actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income in order to satisfy the short-term and long-term funding needs of TMRS.

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

CITY OF LIVE OAK
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2021

NOTE 8 -- PENSION PLAN – TEXAS MUNICIPAL RETIREMENT SYSTEM (CONTINUED)

E. Actuarial Assumptions (Continued)

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Equity	30.00%	5.30%
Core Fixed Income	10.00%	1.25%
Non-Core Fixed Income	20.00%	4.14%
Real Return	10.00%	3.85%
Real Estate	10.00%	4.00%
Absolute Return	10.00%	3.48%
Private Equity	10.00%	7.75%
	<u>100.00%</u>	

F. Discount Rate

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

CITY OF LIVE OAK
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2021

NOTE 8 -- PENSION PLAN – TEXAS MUNICIPAL RETIREMENT SYSTEM (CONTINUED)

G. Changes in Net Pension Liability (Asset)

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at December 31, 2019	\$ 46,596,098	\$ 40,868,253	\$ 5,727,845
Changes for the year:			
Service Cost	1,345,179	-	1,345,179
Interest	3,138,460	-	3,138,460
Change of Benefit Terms	-	-	-
Difference Between Expected and Actual Experience	(94,234)	-	(94,234)
Changes of Assumptions	-	-	-
Contributions - Employer	-	1,484,831	(1,484,831)
Contributions - Employee	-	534,711	(534,711)
Net Investment Income	-	3,105,921	(3,105,921)
Benefit Payments, Including Refunds of Employee Contributions	(1,545,975)	(1,545,975)	-
Administrative Expense	-	(20,073)	20,073
Other Changes	-	(785)	785
Net Changes	<u>2,843,430</u>	<u>3,558,630</u>	<u>(715,200)</u>
Balance at December 31, 2020	<u>\$ 49,439,528</u>	<u>\$ 44,426,883</u>	<u>\$ 5,012,645</u>

H. Sensitivity of the net pension liability to changes in the discount rate

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

	Discount Rate 5.75%	Discount Rate 6.75%	Discount Rate 7.75%
Net Pension Liability	\$ 12,023,981	\$ 5,012,645	\$ (749,299)

I. Pension Plan Fiduciary Net Position

Detailed information about the pension plan’s Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at www.tmr.com.

J. Pension Expense

For the year ended September 30, 2021, the City recognized pension expense of \$879,996.

CITY OF LIVE OAK
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2021

NOTE 8 -- PENSION PLAN – TEXAS MUNICIPAL RETIREMENT SYSTEM (CONTINUED)

K. Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At September 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Differences between Expected and Actual Economic Experience	\$ 2,353	\$ -
Changes in Actuarial Assumptions	-	61,657
Differences Between Projected and Actual Investment Earnings	-	1,154,217
Contributions Subsequent to the Measurement Date	978,822	-
	<u>\$ 981,175</u>	<u>\$ 1,215,874</u>

The City reported \$978,822 as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date (December 31, 2020) will be recognized as a reduction of the net pension liability for the year ending December 31, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

For the Year Ended December 31,	
2021	\$ (419,750)
2022	(16,599)
2023	(704,744)
2024	(72,428)
Thereafter	-
	<u>\$ (1,213,521)</u>

CITY OF LIVE OAK
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2021

NOTE 9 -- OTHER POST EMPLOYMENT BENEFITS (OPEB)

The City also participates in the cost sharing multiple-employer defined benefit group- term life insurance plan operated by the Texas Municipal Retirement System (TMRS) known as the Supplemental Death Benefits Fund (SDBF). The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death); retired employees are insured for \$7,500; this coverage is an "other post-employment benefit," or OPEB. Membership in the plan at December 31, 2020, the valuation and measurement date, consisted of:

Inactive Employees or Beneficiaries Currently Receiving Benefits	50
Inactive Employees Entitled to but Not Yet Receiving Benefits	20
Active Employees	115
	185

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

Inflation	2.50%
Salary Increases	3.50% to 11.50% Including Inflation
Discount Rate	2.0% (Fidelity Index's 20-Year Municipal GO AA Index)
Administrative Expenses	All administrative expenses are paid throe the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.
Mortality Rates - Service Retirees	2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.
Mortality Rates - Disabled Retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4 year set-forward for males and a 3 year set-forward for females. In additional, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

CITY OF LIVE OAK
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2021

NOTE 9 -- OTHER POST EMPLOYMENT BENEFIT (OPEB) (Continued)

The City's contributions to TMRS were \$15,365 for the fiscal year ended September 30, 2021 and were equal to the required contributions. The SDBF required contribution rates were as follows:

Calendar Year	Total SDBF Contribution Rate	Retiree Portion to SDBF Contribution Rate
2021	0.21%	0.10%
2020	0.19%	0.03%

The City's Total OPEB Liability (TOL), based on the above actuarial factors, as of December 31, 2020 was calculated as follows:

	Total OPEB Liability
Balance at December 31, 2019	\$ 373,215
Changes for the year:	
Service Cost	21,388
Interest	10,526
Change of Benefit Terms	-
Difference Between Expected and Actual Experience	(7,483)
Changes of Assumptions	64,548
Benefit Payments	(2,293)
Net Changes	86,686
Balance at December 31, 2020	\$ 459,901

There is no separate trust maintained to fund this Total OPEB Liability. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits.

The following presents the TOL of the City, calculated using the discount rate of 2% as well as what the City's TOL would be if it were calculated using a discount rate that is 1-percentage point lower and 1-percentage point higher than the current rate:

	Discount Rate 1.0%	Discount Rate 2.0%	Discount Rate 3.0%
Total OPEB Liability	\$ 568,868	\$ 459,901	\$ 376,677

CITY OF LIVE OAK
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2021

NOTE 9 -- OTHER POST EMPLOYMENT BENEFIT (OPEB) (Continued)

For the year ended September 30, 2021, the City recognized OPEB expense of \$49,297. Also as of September 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ -	\$ 25,852
Changes in Actuarial Assumptions	91,496	-
Contributions Subsequent to the Measurement Date	5,396	-
	\$ 96,892	\$ 25,852

Deferred outflows of resources in the amount of \$5,396 is related to OPEB benefits resulting from contributions subsequent to the measurement date, and will be recognized as a reduction of the total OPEB liability for the plan year ended December 31, 2020 (fiscal year ended September 30, 2021). Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

For the Year Ended December 31,		
2021	\$	17,383
2022		16,992
2023		12,672
2024		9,087
2025		9,510
Thereafter		-
	\$	65,644

CITY OF LIVE OAK
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2021

NOTE 10 -- TRANSFERS BETWEEN FUNDS

Transfers during the fiscal year ending September 30, 2021 consisted of the following:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>	<u>Purpose</u>
<i>Cash Transfers</i>			
Water & Sewer	General Fund	\$ 122,500	Payment in Lieu of Taxes
Storm Water	General Fund	105,722	Payment in Lieu of Taxes
Storm Water	Water & Sewer	29,500	Supplement Other Sources
Water & Sewer	Utility Replacement	310,000	Savings for Future Projects
Water & Sewer	Debt Service	170,502	Funding for Debt Service
Nonmajor Governmental	General Fund	20,000	Administrative Overhead
General Fund	Nonmajor Governmental	6,500	Supplement Other Sources
General Fund	Storm Water	18,657	Supplement Other Sources
<i>Noncash Transfers</i>			
Water & Sewer	Governmental Activities	8,770	Capital Asset Transfer
Governmental Activities	Storm Water	29,843	Capital Asset Transfer
		<u>\$ 821,994</u>	

NOTE 11 -- CONTINGENCIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by such agencies. Any disallowed claims, including amounts already collected may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

NOTE 12 -- RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; injuries to employees; employee health benefits; and other claims of various natures. The City contracts with the Texas Municipal League (TML) to provide insurance coverage for property and casualty, and workers compensation. TML is a multi-employer group that provides for a combination of modified self-insurance and stop-loss coverage. Contributions are set annually by TML. Liability by the City is generally limited to the contributed amounts. Annual contributions for the year ended September 30, 2021 were \$272 thousand. There were no significant changes in coverage during fiscal year 2021.

CITY OF LIVE OAK
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2021

NOTE 13 -- COMMITMENTS

Long-term Contracts

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

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

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

NOTE 14 -- LITIGATION

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

NOTE 15 -- TAX ABATEMENTS

The City entered into an agreement on December 15, 2015 with a business in the community in accordance with Article III, Section 52-a of the Texas Constitution and Chapter 380 of the Texas Local Government Code to promote state or local economic development and to stimulate business and commercial activity in the City. The agreement is to provide a reimbursement of property taxes paid for personal and real property in excess of a base value prior to the improvements. The payments are conditional on employment growth and staff wage requirements being maintained. The agreement commenced on January 1, 2019, the first full tax year after the facilities were fully developed, and 12 years thereafter until fiscal year 2031 with a maximum benefit of \$1,500,000 in reimbursable property taxes. During the year ended September 30, 2021, the City reimbursed the business \$46,018. As of September 30, 2021, the City has a potential abatement commitment remaining of \$1,422,045.

CITY OF LIVE OAK
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2021

NOTE 15 -- TAX ABATEMENTS (CONTINUED)

The City entered into an agreement on September 8, 2014 with a business (Hotel) who constructed a hotel and conference center. This agreement is a one-time initiative to incentivize the Hotel to construct and maintain a conference center within the City. The agreement is in accordance with Section 351.101(a) of the Texas Tax Code which provides in pertinent part that revenue from the “municipal hotel occupancy tax may be used only to promote tourism and the convention and hotel industry, and that use is limited to the following: (1) the acquisition of sites for and the construction, improvement, enlarging, equipping, repairing, operation, and maintenance of convention center facilities or visitor information centers, or both (2) the furnishing of facilities, personnel, and materials for the registration of convention delegates or registrants; and (3) advertising and conducting solicitations and promotion programs to attract tourist and convention delegates or registrants to the municipality or its vicinity”. The agreement provides for the payment of hotel occupancy taxes (HOT) to the Hotel to support the maintenance and operations of the hotel and conference center. The terms of the agreement call for a payment of \$270,000 annually of HOT revenues collected by the City from sources other than the Hotel for a period of no less than ten years or until the Hotel achieves \$6,000,000 in gross room revenues with a maximum period of 20 years. In addition, the City will pay 100% of all HOT revenue collected from the Hotel until \$7,646,730 is paid up to a maximum period of 20 years. The Hotel began operations during the 2017 fiscal year and the City paid a total of \$455,281 of HOT revenues collected during the year ending September 30, 2021. As of September 30, 2021, the City has a potential commitment remaining of \$6,419,264.

The City entered into an agreement on January 31, 2017, with a business and developer in the community in accordance with Article III, Section 52-a of the Texas Constitution and Chapter 380 of the Texas Local Government Code to promote state or local economic development and to stimulate business and commercial activity in the City. The agreement is to provide a reimbursement of a property taxes paid for personal and real property associated with a public improvements project over a base levy. The business will also get a sales tax reimbursement based on increases in sales tax attributable to the project. The agreement commenced in 2019, the first year of the incentives, and 20 years thereafter until 2039 with a maximum benefit of \$19,100,000 in reimbursable property and sales taxes. During the year ending September 30, 2021, the City rebated \$121,346 in personal and real property taxes and \$579,861 in sales tax. As of September 30, 2021, the City has a remaining potential commitment of \$17,327,875.

The Live Oak Economic Development Corporation (EDC) entered into an agreement on April 3, 2017, with a business and developer in the community in accordance with Chapter 501 and 505 of the Texas Local Government Code to promote state or local economic development and to stimulate business and commercial activity in the EDC. The agreement is to provide a reimbursement of a percentage sales taxes associated with increases in sales tax attributable to a public improvements projects. The agreement commenced in 2019, the first year of the incentives, and 20 years thereafter until 2039 with a maximum benefit of \$7,900,000. During the year ending September 30, 2021, the EDC rebated \$289,930 in sales tax. As of September 30, 2021, the EDC has a remaining potential commitment of \$6,374,611.

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THE CITY OF LIVE OAK TEXAS

REQUIRED SUPPLEMENTARY INFORMATION

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

- Budgetary Comparison Schedule - General Fund
- Schedule of Changes in Net Pension Liability and Related Ratios - Last 10 Plan Years
- Schedule of Contributions - Last 10 Fiscal Years
- Schedule of Changes in Total Other Post-Employment Benefit Liability and Related Ratios

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THE CITY OF LIVE OAK TEXAS

CITY OF LIVE OAK
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
BUDGET AND ACTUAL – GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2021

	Budgeted Amounts		2021 Actual Amounts	Variance With	2020 Actual
	Original	Final		Final Budget - Positive (Negative)	
REVENUES					
Property Taxes	\$ 4,578,476	\$ 4,578,476	\$ 4,617,307	\$ 38,831	\$ 4,318,837
Sales and Mixed Beverage Taxes	6,589,708	6,589,708	7,581,891	992,183	6,505,174
Franchise Taxes	1,090,000	1,090,000	1,092,601	2,601	1,026,377
Licenses and Permits	361,100	361,100	846,269	485,169	322,894
Grants and Donations	63,185	63,185	85,219	22,034	152,555
Charges for Services	263,500	263,500	256,924	(6,576)	208,179
Fines and Forfeitures	476,000	476,000	519,210	43,210	445,457
Investment Earnings	215,000	215,000	12,506	(202,494)	251,050
Miscellaneous	212,200	212,200	218,250	6,050	282,864
TOTAL REVENUES	13,849,169	13,849,169	15,230,177	1,381,008	13,513,387
EXPENDITURES					
<i>General Government</i>					
Council	239,330	239,330	7,829	231,501	107,669
City Manager	288,400	288,400	264,989	23,411	252,801
City Secretary	491,775	491,775	456,698	35,077	416,408
Municipal Court	342,065	342,065	287,945	54,120	266,314
Finance	636,630	616,630	587,498	29,132	585,821
Emergency Management Office	16,835	16,835	9,399	7,436	8,965
Planning and Zoning	161,375	156,375	138,151	18,224	165,600
Development Services	385,035	410,035	411,619	(1,584)	315,851
Information Technology	340,400	340,400	303,513	36,887	294,943
<i>Total General Government</i>	<i>2,901,845</i>	<i>2,901,845</i>	<i>2,467,641</i>	<i>434,204</i>	<i>2,414,372</i>
<i>Public Safety</i>					
Police	4,683,051	4,683,051	4,398,591	284,460	4,225,471
Communication Services	759,042	759,042	683,152	75,890	685,709
Fire and EMS	2,781,058	2,781,058	2,614,332	166,726	2,493,689
<i>Total Public Safety</i>	<i>8,223,151</i>	<i>8,223,151</i>	<i>7,696,075</i>	<i>527,076</i>	<i>7,404,869</i>
<i>Public Works</i>					
General Service	1,132,898	1,132,898	864,773	268,125	845,987
Street Maintenance	576,565	576,565	464,554	112,011	438,821
Animal Control	287,727	287,727	242,509	45,218	254,374
Parks Maintenance	606,100	606,100	498,210	107,890	448,098
<i>Total Public Works</i>	<i>2,603,290</i>	<i>2,603,290</i>	<i>2,070,046</i>	<i>533,244</i>	<i>1,987,280</i>
<i>Recreation</i>	<i>284,300</i>	<i>284,300</i>	<i>226,089</i>	<i>58,211</i>	<i>214,835</i>
<i>Capital Outlay</i>	<i>583,522</i>	<i>583,522</i>	<i>307,343</i>	<i>276,179</i>	<i>672,979</i>
TOTAL EXPENDITURES	14,596,108	14,596,108	12,767,194	1,828,914	12,694,335
Excess (Deficiency) of Revenues Over (Under) Expenditures	(746,939)	(746,939)	2,462,983	3,209,922	819,052
OTHER FINANCING SOURCES (USES)					
Sales of Capital Assets	10,000	10,000	52,881	42,881	35,322
Transfers In	1,040,226	1,040,226	248,222	(792,004)	245,540
Transfers Out	(6,500)	(6,500)	(25,157)	(18,657)	(993,526)
TOTAL OTHER FINANCING SOURCES (USES)	1,043,726	1,043,726	275,946	(767,780)	(712,664)
Net Change in Fund Balance	296,787	296,787	2,738,929	2,442,142	106,388
Fund Balances, Beginning	14,863,257	14,863,257	14,863,257	-	14,756,869
Fund Balances, Ending	\$ 15,160,044	\$ 15,160,044	\$ 17,602,186	\$ 2,442,142	\$ 14,863,257

CITY OF LIVE OAK
SCHEDULE OF CHANGES – NET PENSION LIABILITY AND RELATED RATIOS
LAST TEN PLAN YEARS*

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

*GASB 68 requires 10 years of data to be provided in this schedule. The City will develop the schedule prospectively as data becomes available.

Total Pension Liability		
2018	2019	2020
\$ 1,137,393	\$ 1,209,051	\$ 1,345,179
2,784,093	2,954,026	3,138,460
-	-	-
(36,322)	79,572	(94,234)
	(120,659)	-
(1,437,472)	(1,369,443)	(1,545,975)
2,447,692	2,752,547	2,843,430
41,395,859	43,843,551	46,596,098
<u>\$ 43,843,551</u>	<u>\$ 46,596,098</u>	<u>\$ 49,439,528</u>

Plan Fiduciary Net Position		
2018	2019	2020
\$ 1,251,580	\$ 1,327,871	\$ 1,484,831
457,572	482,735	534,711
(1,075,277)	5,422,735	3,105,921
(1,437,472)	(1,369,443)	(1,545,975)
(20,761)	(30,606)	(20,073)
(1,085)	(919)	(785)
(825,443)	5,832,373	3,558,630
35,861,323	35,035,880	40,868,253
<u>\$ 35,035,880</u>	<u>\$ 40,868,253</u>	<u>\$ 44,426,883</u>

\$ 8,807,671	\$ 5,727,845	\$ 5,012,645
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79.91%	87.71%	89.86%
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\$ 6,536,742	\$ 6,885,257	\$ 7,638,722
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134.74%	83.19%	65.62%
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CITY OF LIVE OAK
 SCHEDULE OF CITY PENSION CONTRIBUTIONS
 LAST TEN FISCAL YEARS*

Fiscal Year Ending September 30,	Actuarially Determined Contributions	Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2015	\$ 1,094,224	\$ 1,187,234	\$ (93,010)	\$ 6,104,168	19.4%
2016	1,143,310	1,233,310	(90,000)	6,458,084	19.1%
2017	1,113,480	1,203,480	(90,000)	6,379,408	18.9%
2018	1,156,712	1,246,712	(90,000)	6,543,573	19.1%
2019	1,196,447	1,286,447	(90,000)	6,681,856	19.3%
2020	1,337,617	1,427,617	(90,000)	7,356,642	19.4%
2021	1,366,326	1,366,326	-	7,518,669	18.2%

*GASB 68 requires 10 fiscal years of data to be provided in this schedule. The City will develop the schedule prospectively as data becomes available.

CITY OF LIVE OAK
SCHEDULE OF CHANGES – TOTAL OTHER POST-EMPLOYMENT BENEFIT LIABILITY
AND RELATED RATIOS
LAST TEN PLAN YEARS*

	Total OPEB Liability			
	2017	2018	2019	2020
Service Cost	\$ 12,897	\$ 15,035	\$ 14,459	\$ 21,388
Interest on Total OPEB Liability	9,901	10,256	13,245	10,526
Changes of Benefit Terms	-	-	-	-
Difference between Expected and Actual Experience	-	47,457	(65,907)	(7,483)
Change of Assumptions or Other Inputs	25,673	(23,260)	62,653	64,548
Benefit Payments	(1,290)	(1,961)	(2,066)	(2,292)
Net Change in Total OPEB Liability	47,181	47,527	22,384	86,687
Total OPEB Liability - Beginning	256,122	303,303	350,830	373,214
Total OPEB Liability - Ending	<u>\$ 303,303</u>	<u>\$ 350,830</u>	<u>\$ 373,214</u>	<u>\$ 459,901</u>
 Covered-Employee Payroll	 \$ 6,448,645	 \$ 6,536,742	 \$ 6,885,257	 \$ 7,638,722
 Total OPEB Liability as a Percentage of Covered-Employee Payroll	 4.70%	 5.37%	 5.42%	 6.02%

*GASB Statement No. 75 requires 10 years of data to be provided in this schedule. The City will develop the schedule prospectively as data becomes available.

No assets are accumulated in a trust that meets the criteria in of GASB Codification P22.101 or P52.101 to pay related benefits.

CITY OF LIVE OAK
 SCHEDULE OF CITY OTHER POSTEMPLOYMENT BENEFIT CONTRIBUTIONS
 LAST TEN FISCAL YEARS*

Fiscal Year Ending September 30,	Actuarially Determined Contributions	Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2018	\$ 10,795	\$ 10,795	\$ -	\$ 6,543,573	0.16%
2019	11,864	11,864	-	6,681,856	0.18%
2020	13,794	13,794	-	7,356,642	0.19%
2021	6,033	6,033	-	7,518,669	0.08%

*GASB 75 requires 10 fiscal years of data to be provided in this schedule. The City will develop the schedule prospectively as data becomes available.

CITY OF LIVE OAK
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2021

Budgetary Information

The budget is prepared in accordance with accounting principles generally accepted in the United States of America. The City maintains strict budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council and as such is a good management control device. Annual budgets are adopted for all governmental funds except the capital projects funds. Project-length financial plans are adopted for capital projects funds.

Budgetary preparation and control is exercised at the department level. Actual expenditures may not legally exceed appropriations at the fund level. The city manager may transfer budgeted amounts within departments within any fund; however, transfers between departments and funds must be approved by City Council.

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrances accounting, under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is utilized in the governmental funds. Encumbrances lapse at year-end and do not constitute expenditures or liabilities because the commitments must be reappropriated and honored during the subsequent year.

Pension Plan

Valuation Date:

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

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	25 Years
Asset Valuation Method	10 Year Smoothed Market; 12% Soft Corridor
Inflation	2.50%
Salary Increases	3.50% to 11.5% Including Inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014 - 2018.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB (10) mortality tables, with the public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

Other Information

Notes There were no benefit changes during the year.

CITY OF LIVE OAK
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
SEPTEMBER 30, 2021

Other Postemployment Benefit

Inflation	2.50%
Salary Increases	3.50% to 11.50% Including Inflation
Discount Rate	2.0% (Fidelity Index's 20-Year Municipal GO AA Index)
Administrative Expenses	All administrative expenses are paid throe the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.
Mortality Rates - Service Retirees	2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.
Mortality Rates - Disabled Retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4 year set-forward for males and a 3 year set-forward for females. In additional, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

SUPPLEMENTARY INFORMATION

Supplementary information includes combining nonmajor individual fund statements which are not required by the GASB, nor a part of the basic financial statements.

Such statements and schedules include:

- Combining Statements – Nonmajor Governmental Funds
- Individual Schedules of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Nonmajor Funds with Legally Adopted Budgets
- Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Discretely Presented Component Unit – Economic Development Corporation
- Comparative Statements – General Fund

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CITY OF LIVE OAK
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for specific revenues and expenditures that are legally restricted for a specific purpose.

- **Forfeiture Fund** - Accounts for revenues from seized assets and the allowed expenditure of that revenue for public safety.
- **Child Safety Fund** - Accounts for the drug awareness and prevention program, school crossing guards, and other child safety programs.
- **Court Technology** - Accounts for a portion of municipal fines that are allocated to court technology and the allowed expenditures.
- **Court Security Fund** - Accounts for a portion of municipal fines that are allocated to building security and the allowed expenditures.
- **Emergency Radio** – Accounts for revenues received from the rental of the Live Oak radio system by other agencies and the expenditures necessary to manage and enhance the emergency radio system.
- **Public Education** - Accounts franchise fees restricted for capital expenditures associated with public, educational and governmental facilities.
- **Alamo Area Swat** – Accounts for revenues received from participating entities of the Alamo Regional SWAT team, and the expenditures necessary to fund the training and equipment needs of the SWAT team.
- **Hotel Motel Occupancy** – Accounts for collections of occupancy taxes in the City restricted for tourism development.

CAPITAL PROJECTS FUND

- **Capital Projects** – Accounts for proceeds from bond issues and other sources restricted or committed for capital expenditures.

CITY OF LIVE OAK
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2021

	Special Revenue Funds			
	Forfeiture	Child Safety	Court Technology	Court Security
ASSETS				
Cash and Cash Equivalents	\$ 113,555	\$ 121,219	\$ 125,806	\$ 58,523
Receivables (net of allowances):				
Other	-	1,350	-	-
	<u>\$ 113,555</u>	<u>\$ 122,569</u>	<u>\$ 125,806</u>	<u>\$ 58,523</u>
TOTAL ASSETS				
	<u>\$ 113,555</u>	<u>\$ 122,569</u>	<u>\$ 125,806</u>	<u>\$ 58,523</u>
LIABILITIES AND FUND BALANCE				
<i>Liabilities:</i>				
Accounts Payable	\$ -	\$ 1,192	\$ 584	\$ 181
Accrued Wages	-	-	-	694
<i>Total Liabilities</i>	<u>-</u>	<u>1,192</u>	<u>584</u>	<u>875</u>
<i>Fund Balance:</i>				
Restricted For:				
Municipal Court	-	-	125,222	57,648
Tourism Development	-	-	-	-
Public Safety	113,555	121,377	-	-
Public Education	-	-	-	-
Committed For:				
Capital Projects	-	-	-	-
<i>Total Fund Balances</i>	<u>113,555</u>	<u>121,377</u>	<u>125,222</u>	<u>57,648</u>
TOTAL LIABILITIES AND FUND BALANCES				
	<u>\$ 113,555</u>	<u>\$ 122,569</u>	<u>\$ 125,806</u>	<u>\$ 58,523</u>

Special Revenue Funds					
Emergency Radio	Public Education	Alamo Area SWAT	Hotel Motel Tax	Capital Projects	Total Nonmajor Funds
\$ 114,050	\$ 366,224	\$ 30,969	\$ 1,298,593	\$ 738,369	\$ 2,967,308
17,305	13,430	-	72,143	-	104,228
<u>\$ 131,355</u>	<u>\$ 379,654</u>	<u>\$ 30,969</u>	<u>\$ 1,370,736</u>	<u>\$ 738,369</u>	<u>\$ 3,071,536</u>
\$ 32,135	\$ -	\$ 7,274	\$ 116,757	\$ -	\$ 158,123
-	-	-	-	-	694
<u>32,135</u>	<u>-</u>	<u>7,274</u>	<u>116,757</u>	<u>-</u>	<u>158,817</u>
-	-	-	-	-	182,870
-	-	-	1,253,979	-	1,253,979
99,220	-	23,695	-	-	357,847
-	379,654	-	-	-	379,654
-	-	-	-	738,369	738,369
<u>99,220</u>	<u>379,654</u>	<u>23,695</u>	<u>1,253,979</u>	<u>738,369</u>	<u>2,912,719</u>
<u>\$ 131,355</u>	<u>\$ 379,654</u>	<u>\$ 30,969</u>	<u>\$ 1,370,736</u>	<u>\$ 738,369</u>	<u>\$ 3,071,536</u>

CITY OF LIVE OAK
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Special Revenue Funds			
	Forfeiture	Child Safety	Court Technology	Court Security
REVENUES				
Franchise Taxes	\$ -	\$ -	\$ -	\$ -
Occupancy Tax	-	-	-	-
Charges for Services	-	-	-	-
Fines and Forfeitures	9,053	-	10,272	10,796
Investment Earnings	51	54	58	25
Miscellaneous	-	17,286	-	-
TOTAL REVENUES	<u>9,104</u>	<u>17,340</u>	<u>10,330</u>	<u>10,821</u>
EXPENDITURES				
<i>Current:</i>				
General Government	-	-	6,608	5,768
Public Safety	-	3,699	-	-
Public Works	-	2,020	-	-
<i>Capital Outlay</i>	-	-	990	-
TOTAL EXPENDITURES	<u>-</u>	<u>5,719</u>	<u>7,598</u>	<u>5,768</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>9,104</u>	<u>11,621</u>	<u>2,732</u>	<u>5,053</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	9,104	11,621	2,732	5,053
Fund Balances, Beginning	<u>104,451</u>	<u>109,756</u>	<u>122,490</u>	<u>52,595</u>
Fund Balances, Ending	<u>\$ 113,555</u>	<u>\$ 121,377</u>	<u>\$ 125,222</u>	<u>\$ 57,648</u>

Special Revenue Funds

Emergency Radio	Public Education	Alamo Area SWAT	Hotel Motel Occupancy	Capital Projects	Total Nonmajor Funds
\$ -	\$ 37,815	\$ -	\$ -	\$ -	\$ 37,815
-	-	-	521,757	-	521,757
26,935	-	-	-	-	26,935
-	-	-	-	-	30,121
47	165	-	629	534	1,563
-	-	39,000	-	-	56,286
<u>26,982</u>	<u>37,980</u>	<u>39,000</u>	<u>522,386</u>	<u>534</u>	<u>674,477</u>
-	-	-	476,390	-	488,766
563	-	11,254	-	-	15,516
-	-	-	-	-	2,020
-	-	57,011	-	383,759	441,760
<u>563</u>	<u>-</u>	<u>68,265</u>	<u>476,390</u>	<u>383,759</u>	<u>948,062</u>
26,419	37,980	(29,265)	45,996	(383,225)	(273,585)
-	-	6,500	-	-	6,500
(20,000)	-	-	-	-	(20,000)
(20,000)	-	6,500	-	-	(13,500)
6,419	37,980	(22,765)	45,996	(383,225)	(287,085)
<u>92,801</u>	<u>341,674</u>	<u>46,460</u>	<u>1,207,983</u>	<u>1,121,594</u>	<u>3,199,804</u>
<u>\$ 99,220</u>	<u>\$ 379,654</u>	<u>\$ 23,695</u>	<u>\$ 1,253,979</u>	<u>\$ 738,369</u>	<u>\$ 2,912,719</u>

CITY OF LIVE OAK
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FORFEITURE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2021
(WITH COMPARATIVE ACTUAL TOTALS FOR 2020)

	Budgeted Amounts		2021 Actual Amounts	Variance with Final Budget- Positive (Negative)	2020 Actual Amounts
	Original	Final			
REVENUES					
Fines and Forfeitures	\$ 52,000	\$ 52,000	\$ 9,053	\$ (42,947)	\$ 18,701
Investment Earnings	260	260	51	(209)	1,078
TOTAL REVENUES	<u>52,260</u>	<u>52,260</u>	<u>9,104</u>	<u>(43,156)</u>	<u>19,779</u>
EXPENDITURES					
<i>Current:</i>					
Public Safety	60,000	60,000	-	60,000	43,500
<i>Capital Outlay</i>	10,000	10,000	-	10,000	-
TOTAL EXPENDITURES	<u>70,000</u>	<u>70,000</u>	<u>-</u>	<u>70,000</u>	<u>43,500</u>
Net Change in Fund Balance	(17,740)	(17,740)	9,104	26,844	(23,721)
FUND BALANCE, BEGINNING	<u>104,451</u>	<u>104,451</u>	<u>104,451</u>	<u>-</u>	<u>128,172</u>
FUND BALANCE, ENDING	<u>\$ 86,711</u>	<u>\$ 86,711</u>	<u>\$ 113,555</u>	<u>\$ 26,844</u>	<u>\$ 104,451</u>

CITY OF LIVE OAK
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL
CHILD SAFETY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2021
(WITH COMPARATIVE ACTUAL TOTALS FOR 2020)

	Budgeted Amounts		2021 Actual Amounts	Variance with Final Budget- Positive (Negative)	2020 Actual Amounts
	Original	Final			
REVENUES					
Investment Earnings	\$ 1,000	\$ 1,000	\$ 54	\$ (946)	\$ 831
Miscellaneous	16,000	16,000	17,286	1,286	16,418
TOTAL REVENUES	<u>17,000</u>	<u>17,000</u>	<u>17,340</u>	<u>340</u>	<u>17,249</u>
EXPENDITURES					
<i>Current:</i>					
Public Safety	6,000	6,000	3,699	2,301	2,642
Public Works	16,800	16,800	2,020	14,780	-
TOTAL EXPENDITURES	<u>22,800</u>	<u>22,800</u>	<u>5,719</u>	<u>17,081</u>	<u>2,642</u>
Net Change in Fund Balance	(5,800)	(5,800)	11,621	17,421	14,607
FUND BALANCE, BEGINNING	<u>109,756</u>	<u>109,756</u>	<u>109,756</u>	<u>-</u>	<u>95,149</u>
FUND BALANCE, ENDING	<u>\$ 103,956</u>	<u>\$ 103,956</u>	<u>\$ 121,377</u>	<u>\$ 17,421</u>	<u>\$ 109,756</u>

CITY OF LIVE OAK
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL
COURT TECHNOLOGY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2021
(WITH COMPARATIVE ACTUAL TOTALS FOR 2020)

	Budgeted Amounts		2021 Actual Amounts	Variance with Final Budget- Positive (Negative)	2020 Actual Amounts
	Original	Final			
REVENUES					
Fines and Forfeitures	\$ 13,000	\$ 13,000	\$ 10,272	\$ (2,728)	\$ 9,801
Investment Earnings	1,500	1,500	58	(1,442)	1,144
TOTAL REVENUES	<u>14,500</u>	<u>14,500</u>	<u>10,330</u>	<u>(4,170)</u>	<u>10,945</u>
EXPENDITURES					
<i>Current:</i>					
General Government	10,640	10,640	6,608	4,032	5,444
<i>Capital Outlay</i>	9,375	9,375	990	8,385	5,742
TOTAL EXPENDITURES	<u>20,015</u>	<u>20,015</u>	<u>7,598</u>	<u>12,417</u>	<u>11,186</u>
Net Change in Fund Balance	(5,515)	(5,515)	2,732	8,247	(241)
FUND BALANCE, BEGINNING	<u>122,490</u>	<u>122,490</u>	<u>122,490</u>	<u>-</u>	<u>122,731</u>
FUND BALANCE, ENDING	<u>\$ 116,975</u>	<u>\$ 116,975</u>	<u>\$ 125,222</u>	<u>\$ 8,247</u>	<u>\$ 122,490</u>

CITY OF LIVE OAK
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL
COURT SECURITY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2021
(WITH COMPARATIVE ACTUAL TOTALS FOR 2020)

	Budgeted Amounts		2021 Actual Amounts	Variance with Final Budget- Positive (Negative)	2020 Actual Amounts
	Original	Final			
REVENUES					
Fines and Forfeitures	\$ 10,000	\$ 10,000	\$ 10,796	\$ 796	\$ 8,349
Investment Earnings	750	750	25	(725)	416
TOTAL REVENUES	<u>10,750</u>	<u>10,750</u>	<u>10,821</u>	<u>71</u>	<u>8,765</u>
EXPENDITURES					
<i>Current:</i>					
General Government	17,700	17,700	5,768	11,932	6,915
<i>Capital Outlay</i>	5,000	5,000	-	5,000	-
TOTAL EXPENDITURES	<u>22,700</u>	<u>22,700</u>	<u>5,768</u>	<u>16,932</u>	<u>6,915</u>
Net Change in Fund Balance	(11,950)	(11,950)	5,053	17,003	1,850
FUND BALANCE, BEGINNING	<u>52,595</u>	<u>52,595</u>	<u>52,595</u>	<u>-</u>	<u>50,745</u>
FUND BALANCE, ENDING	<u>\$ 40,645</u>	<u>\$ 40,645</u>	<u>\$ 57,648</u>	<u>\$ 17,003</u>	<u>\$ 52,595</u>

CITY OF LIVE OAK
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL
EMERGENCY RADIO FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2021
(WITH COMPARATIVE ACTUAL TOTALS FOR 2020)

	Budgeted Amounts		2021 Actual Amounts	Variance with Final Budget- Positive (Negative)	2020 Actual Amounts
	Original	Final			
REVENUES					
Charges for Services	\$ 37,000	\$ 37,000	\$ 26,935	\$ (10,065)	\$ 35,400
Investment Earnings	750	750	47	(703)	644
TOTAL REVENUES	<u>37,750</u>	<u>37,750</u>	<u>26,982</u>	<u>(10,768)</u>	<u>36,044</u>
EXPENDITURES					
<i>Current:</i>					
Public Safety	21,515	21,515	563	20,952	2,578
<i>Capital Outlay</i>	<u>2,500</u>	<u>2,500</u>	<u>-</u>	<u>2,500</u>	<u>-</u>
TOTAL EXPENDITURES	<u>24,015</u>	<u>24,015</u>	<u>563</u>	<u>23,452</u>	<u>2,578</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>13,735</u>	<u>13,735</u>	<u>26,419</u>	<u>12,684</u>	<u>33,466</u>
OTHER SOURCES (USES)					
Transfers Out	<u>(20,000)</u>	<u>(20,000)</u>	<u>(20,000)</u>	<u>-</u>	<u>(15,000)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(20,000)</u>	<u>(20,000)</u>	<u>(20,000)</u>	<u>-</u>	<u>(15,000)</u>
Net Change in Fund Balance	(6,265)	(6,265)	6,419	12,684	18,466
FUND BALANCE, BEGINNING	<u>92,801</u>	<u>92,801</u>	<u>92,801</u>	<u>-</u>	<u>74,335</u>
FUND BALANCE, ENDING	<u>\$ 86,536</u>	<u>\$ 86,536</u>	<u>\$ 99,220</u>	<u>\$ 12,684</u>	<u>\$ 92,801</u>

CITY OF LIVE OAK
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL
PUBLIC EDUCATION FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2021
(WITH COMPARATIVE ACTUAL TOTALS FOR 2020)

	Budgeted Amounts		2021 Actual Amounts	Variance with Final Budget- Positive (Negative)	2020 Actual Amounts
	Original	Final			
REVENUES					
Franchise Taxes	\$ 40,000	\$ 40,000	\$ 37,815	\$ (2,185)	\$ 38,336
Investment Earnings	5,000	5,000	165	(4,835)	2,758
TOTAL REVENUES	<u>45,000</u>	<u>45,000</u>	<u>37,980</u>	<u>(7,020)</u>	<u>41,094</u>
EXPENDITURES					
<i>Current:</i>					
General Government	-	-	-	-	-
<i>Capital Outlay</i>	-	-	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	45,000	45,000	37,980	(7,020)	41,094
FUND BALANCE, BEGINNING	<u>341,674</u>	<u>341,674</u>	<u>341,674</u>	<u>-</u>	<u>300,580</u>
FUND BALANCE, ENDING	<u>\$ 386,674</u>	<u>\$ 386,674</u>	<u>\$ 379,654</u>	<u>\$ (7,020)</u>	<u>\$ 341,674</u>

CITY OF LIVE OAK
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL
ALAMO AREA SWAT FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2021
(WITH COMPARATIVE ACTUAL TOTALS FOR 2020)

	Budgeted Amounts		2021 Actual Amounts	Variance with Final Budget- Positive (Negative)	2020 Actual Amounts
	Original	Final			
REVENUES					
Miscellaneous	\$ 39,000	\$ 39,000	\$ 39,000	\$ -	\$ 39,000
TOTAL REVENUES	<u>39,000</u>	<u>39,000</u>	<u>39,000</u>	<u>-</u>	<u>39,000</u>
EXPENDITURES					
<i>Current:</i>					
Public Safety	10,585	10,585	11,254	(669)	10,207
<i>Capital Outlay</i>	4,450	56,988	57,011	(23)	2,285
TOTAL EXPENDITURES	<u>15,035</u>	<u>67,573</u>	<u>68,265</u>	<u>(692)</u>	<u>12,492</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>23,965</u>	<u>(28,573)</u>	<u>(29,265)</u>	<u>(692)</u>	<u>26,508</u>
OTHER SOURCES (USES)					
Transfers In	6,500	6,500	6,500	-	6,500
Transfers Out	-	-	-	-	(4,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>6,500</u>	<u>6,500</u>	<u>6,500</u>	<u>-</u>	<u>2,500</u>
Net Change in Fund Balance	30,465	(22,073)	(22,765)	(692)	29,008
FUND BALANCE, BEGINNING	<u>46,460</u>	<u>46,460</u>	<u>46,460</u>	<u>-</u>	<u>17,452</u>
FUND BALANCE, ENDING	<u>\$ 76,925</u>	<u>\$ 24,387</u>	<u>\$ 23,695</u>	<u>\$ (692)</u>	<u>\$ 46,460</u>

CITY OF LIVE OAK
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL
DEBT SERVICE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2021
(WITH COMPARATIVE ACTUAL TOTALS FOR 2020)

	Budgeted Amounts		2021 Actual Amounts	Variance With Final Budget - Positive (Negative)	2020 Actual
	Original	Final			
REVENUES					
Property Taxes	\$ 1,405,198	\$ 1,405,198	\$ 1,416,718	\$ 11,520	\$ 1,439,727
Grants and Contributions	736,710	736,710	736,710	-	738,729
Investment Earnings	5,000	5,000	376	(4,624)	6,148
TOTAL REVENUES	<u>2,146,908</u>	<u>2,146,908</u>	<u>2,153,804</u>	<u>6,896</u>	<u>2,184,604</u>
EXPENDITURES					
<i>Debt Service:</i>					
Principal	1,795,000	1,795,000	1,795,000	-	1,735,000
Interest and Fiscal Charges	522,410	522,410	522,408	2	588,625
TOTAL EXPENDITURES	<u>2,317,410</u>	<u>2,317,410</u>	<u>2,317,408</u>	<u>2</u>	<u>2,323,625</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(170,502)</u>	<u>(170,502)</u>	<u>(163,604)</u>	<u>6,898</u>	<u>(139,021)</u>
OTHER FINANCING SOURCES (USES)					
Transfers In	170,502	170,502	170,502	-	171,068
TOTAL OTHER FINANCING SOURCES (USES)	<u>170,502</u>	<u>170,502</u>	<u>170,502</u>	<u>-</u>	<u>171,068</u>
Net Change in Fund Balance	-	-	6,898	6,898	32,047
FUND BALANCE - BEGINNING	<u>431,503</u>	<u>431,503</u>	<u>431,503</u>	<u>-</u>	<u>399,456</u>
FUND BALANCE - ENDING	<u>\$ 431,503</u>	<u>\$ 431,503</u>	<u>\$ 438,401</u>	<u>\$ 6,898</u>	<u>\$ 431,503</u>

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THE CITY OF LIVE OAK TEXAS

CITY OF LIVE OAK
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
DISCRETELY PRESENTED COMPONENT UNIT
ECONOMIC DEVELOPMENT CORPORATION
MODIFIED ACCRUAL BASIS OF ACCOUNTING
FOR THE YEAR ENDED SEPTEMBER 30, 2021
(WITH COMPARATIVE ACTUAL TOTALS FOR 2020)

	Budgeted Amounts		2021 Actual Amounts	Variance with Final Budget- Positive (Negative)	2020 Actual Amounts
	Original	Final			
REVENUES					
Sales Tax	\$ 2,073,083	\$ 2,073,083	\$ 2,406,538	\$ 333,455	\$ 2,072,865
Investment Earnings	50,000	50,000	2,419	(47,581)	45,350
Miscellaneous	-	-	12,474	12,474	255,421
TOTAL REVENUES	<u>2,123,083</u>	<u>2,123,083</u>	<u>2,421,431</u>	<u>298,348</u>	<u>2,373,636</u>
EXPENDITURES					
<i>Current:</i>					
General Government	487,575	487,575	335,267	152,308	542,698
Contributions to Primary Government					
For Administrative Overhead	150,000	150,000	150,000	-	150,000
In Support of Debt Service	736,710	736,710	736,710	-	738,729
In Support of Capital Outlay	463,185	763,185	671,222	91,963	63,185
TOTAL EXPENDITURES	<u>1,837,470</u>	<u>2,137,470</u>	<u>1,893,199</u>	<u>244,271</u>	<u>1,494,612</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>285,613</u>	<u>(14,387)</u>	<u>528,232</u>	<u>542,619</u>	<u>879,024</u>
OTHER SOURCES (USES)					
Sales of Capital Assets	-	-	-	-	145,363
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>145,363</u>
Net Change in Fund Balance	285,613	(14,387)	528,232	542,619	1,024,387
FUND BALANCE, BEGINNING	<u>4,017,334</u>	<u>4,017,334</u>	<u>4,017,334</u>	<u>-</u>	<u>2,992,947</u>
FUND BALANCE, ENDING	<u>\$ 4,302,947</u>	<u>\$ 4,002,947</u>	<u>\$ 4,545,566</u>	<u>\$ 542,619</u>	<u>\$ 4,017,334</u>

CITY OF LIVE OAK
 COMPARATIVE BALANCE SHEETS
 GENERAL FUND
 SEPTEMBER 30, 2021 AND 2020

	2021	2020
ASSETS		
Cash and Cash Equivalents	\$ 15,300,855	\$ 11,294,080
Investments	2,601,931	3,724,510
Receivables (net of allowances):		
Property Taxes	59,211	48,108
Sales Tax	1,437,273	1,255,919
Other	279,945	416,018
Accrued Interest	4,800	16,432
Prepaid Items	32,456	17,082
TOTAL ASSETS	\$ 19,716,471	\$ 16,772,149
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES		
<i>Liabilities:</i>		
Accounts Payable	\$ 989,662	\$ 870,056
Accrued Wages	229,828	183,593
Deposits	4,320	1,395
<i>Total Liabilities</i>	1,223,810	1,055,044
 <i>Deferred Inflows of Resources:</i>		
Unavailable Property Tax Revenue	59,211	48,108
Unavailable Sales Tax Revenue	771,713	651,694
Unavailable Warrants Revenue	59,551	154,046
<i>Total Deferred Inflows of Resources</i>	890,475	853,848
 <i>Fund Balances:</i>		
<i>Nonspendable:</i>		
Prepaid Items	32,456	17,082
<i>Committed For:</i>		
Asset Replacement	4,956,921	4,462,775
Weed Abatement	11,021	10,883
<i>Assigned For:</i>		
Public Safety	-	88,778
Unassigned	12,601,788	10,283,739
<i>Total Fund Balances</i>	17,602,186	14,863,257
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	 \$ 19,716,471	 \$ 16,772,149

CITY OF LIVE OAK
 COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES
 GENERAL FUND
 FOR THE YEARS ENDED SEPTEMBER 30, 2021 AND 2020

	2021	2020
REVENUES		
Property Taxes	\$ 4,617,307	\$ 4,318,837
Sales and Mixed Beverage Taxes	7,581,891	6,505,174
Franchise Taxes	1,092,601	1,026,377
Licenses and Permits	846,269	322,894
Grants and Donations	85,219	152,555
Charges for Services	256,924	208,179
Fines and Forfeitures	519,210	445,457
Investment Earnings	12,506	251,050
Miscellaneous	218,250	282,864
TOTAL REVENUES	15,230,177	13,513,387
EXPENDITURES		
<i>Current</i>		
General Government	2,467,641	2,414,372
Public Safety	7,696,075	7,404,869
Public Works	2,070,046	1,987,280
Recreation	226,089	214,835
<i>Capital Outlay</i>	307,343	672,979
TOTAL EXPENDITURES	12,767,194	12,694,335
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,462,983	819,052
OTHER FINANCING SOURCES (USES)		
Sales of Capital Assets	52,881	35,322
Transfers In	248,222	245,540
Transfers Out	(25,157)	(993,526)
TOTAL OTHER FINANCING SOURCES (USES)	275,946	(712,664)
Net Change in Fund Balance	2,738,929	106,388
Fund Balances, Beginning	14,863,257	14,756,869
Fund Balances, Ending	\$ 17,602,186	\$ 14,863,257

LiveOak
THE CITY OF LIVE OAK TEXAS

STATISTICAL SECTION

This part of the City of Live Oak's annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Financial Trends (Tables 1 through 4)

- Net Position by Component
- Change in Net Position
- Fund Balances - Governmental Funds
- Changes in Fund Balances - Governmental Funds

These schedules contain trend information to help reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity (Tables 5 through 10)

- Tax Revenues by Source - Governmental Funds
- Assessed Value and Estimated Actual Value of Taxable Property
- Direct and Overlapping Property Tax Rates
- Principal Property Taxpayers
- Property Tax Levies and Collections
- Top 20 Sales Tax Providers by Business Class

These schedules contain information to help readers assess the factors affecting the City's ability to generate its property and sales tax.

Debt Capacity (Tables 11 through 14)

- Ratios of Outstanding Debt by Type
- Ratios of General Bonded Debt Outstanding
- Direct and Overlapping Governmental Activities Debt
- Debt Margin Information

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information (Tables 15 through 16)

- Demographic and Economic Statistics
- Principal Employers

These schedules offer demographic and economic indicators to help the reader understand how the City's financial activities take place and to help make comparisons over time and with other governments.

Operating Information (Tables 17 through 19)

- Full-time Equivalent City Government Employees by Function
- Operating Indicators by Function/Program
- Capital Asset Statistics by Function/Program

These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.

CITY OF LIVE OAK
NET POSITION, BY COMPONENT
LAST TEN FISCAL YEARS

	Fiscal Year			
	2012*	2013*	2014*	2015*
<i>Governmental Activities</i>				
Net Investment in Capital Assets	\$ 8,073,159	\$ 8,441,921	\$ 7,684,247	\$ 10,047,544
Restricted	1,160,105	3,018,682	3,179,395	1,884,219
Unrestricted	9,741,537	10,129,923	10,791,866	5,221,828
<i>Total Governmental Activities</i>				
<i>Net Position</i>	<u>\$ 18,974,801</u>	<u>\$ 21,590,526</u>	<u>\$ 21,655,508</u>	<u>\$ 17,153,591</u>
<i>Business-Type Activities</i>				
Net Investment in Capital Assets	\$ 5,264,573	\$ 5,095,397	\$ 5,025,941	\$ 5,209,804
Restricted	-	-	-	-
Unrestricted	2,100,154	2,373,622	2,233,452	1,871,554
<i>Total Business-Type Activities</i>				
<i>Net Position</i>	<u>\$ 7,364,727</u>	<u>\$ 7,469,019</u>	<u>\$ 7,259,393</u>	<u>\$ 7,081,358</u>
<i>Primary Government</i>				
Net Investment in Capital Assets	\$ 13,337,732	\$ 13,537,318	\$ 12,710,188	\$ 11,471,565
Restricted	1,160,105	3,018,682	3,179,395	1,884,219
Unrestricted	11,841,691	12,503,545	13,025,318	7,093,382
<i>Total Primary Government Net Position</i>	<u>\$ 26,339,528</u>	<u>\$ 29,059,545</u>	<u>\$ 28,914,901</u>	<u>\$ 20,449,166</u>

**Years 2016 and prior included the Live Oak Economic Development Corporation as a blended component unit. These years have not been restated for the change on this schedule.*

TABLE 1

Fiscal Year					
2016*	2017	2018	2019	2020	2021
\$ 2,498,042	\$ 337,900	\$ 1,410,757	\$ 1,722,478	\$ 2,804,778	\$ 3,330,278
1,944,020	2,083,220	2,425,330	2,491,719	2,520,596	2,553,132
9,903,047	8,980,757	8,797,162	11,150,185	10,966,166	13,653,948
<u>\$ 14,345,109</u>	<u>\$ 11,401,877</u>	<u>\$ 12,633,249</u>	<u>\$ 15,364,382</u>	<u>\$ 16,291,540</u>	<u>\$ 19,537,358</u>
\$ 5,263,431	\$ 5,054,357	\$ 5,058,875	\$ 5,568,799	\$ 5,356,887	\$ 5,732,376
-	-	-	-	-	-
1,626,416	1,239,452	1,298,275	1,108,878	1,223,156	629,538
<u>\$ 6,889,847</u>	<u>\$ 6,293,809</u>	<u>\$ 6,357,150</u>	<u>\$ 6,677,677</u>	<u>\$ 6,580,043</u>	<u>\$ 6,361,914</u>
\$ 7,761,473	\$ 5,392,257	\$ 6,469,632	\$ 7,291,277	\$ 8,161,665	\$ 9,062,654
1,944,020	2,083,220	2,425,330	2,491,719	2,520,596	2,553,132
11,529,463	10,220,209	10,095,437	12,259,063	12,189,322	14,283,486
<u>\$ 21,234,956</u>	<u>\$ 17,695,686</u>	<u>\$ 18,990,399</u>	<u>\$ 22,042,059</u>	<u>\$ 22,871,583</u>	<u>\$ 25,899,272</u>

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

	Fiscal Year			
	2012*	2013*	2014*	2015*
Expenses				
<i>Governmental Activities</i>				
General Government	\$ 3,145,186	\$ 2,894,648	\$ 3,247,132	\$ 5,914,432
Public Safety	6,190,610	6,082,404	6,176,238	6,716,420
Public Works	2,633,267	2,645,246	2,496,790	2,574,042
Recreation	231,477	168,400	194,147	177,765
Interest and Fiscal Agent Fees	749,670	714,076	883,904	683,723
<i>Total Governmental Activities Expenses</i>	<u>12,950,210</u>	<u>12,504,774</u>	<u>12,998,211</u>	<u>16,066,382</u>
<i>Business-Type Activities</i>				
Water/Wastewater Utilities	2,869,242	2,967,953	3,112,081	3,284,037
Storm Water Utility	422,827	408,917	398,244	397,259
Utility Renewal and Replacement	150,435	227,632	495,952	33,563
<i>Total Business-Type Activities</i>	<u>3,442,504</u>	<u>3,604,502</u>	<u>4,006,277</u>	<u>3,714,859</u>
Total Primary Government Expenses	<u>\$ 16,392,714</u>	<u>\$ 16,109,276</u>	<u>\$ 17,004,488</u>	<u>\$ 19,781,241</u>
Program Revenues				
<i>Governmental Activities</i>				
Charges for Service:				
General Government	\$ 458,595	\$ 583,196	\$ 68,028	\$ 208,017
Public Safety	621,369	635,248	734,979	531,948
Public Works	269,836	270,191	220,522	281,317
Recreation	48,986	55,676	58,118	63,496
Operating Grants and Contributions	175,935	3,095	15,635	77,500
Capital Grants and Contributions	-	413,886	-	-
<i>Total Governmental Activities</i>	<u>1,574,721</u>	<u>1,961,292</u>	<u>1,097,282</u>	<u>1,162,278</u>
<i>Program Revenues</i>	<u>1,574,721</u>	<u>1,961,292</u>	<u>1,097,282</u>	<u>1,162,278</u>
<i>Business-Type Activities</i>				
Charges for Service:				
Water/Wastewater Utilities	3,278,597	3,427,956	3,480,567	3,550,228
Storm Water Utility	538,236	548,990	550,201	552,245
Utility Renewal and Replacement	4,017	2,339	14,922	-
Operating Grants and Contributions	-	-	-	-
Capital Grants and Contributions	-	-	-	-
<i>Total Business-Type Activities</i>	<u>3,820,850</u>	<u>3,979,285</u>	<u>4,045,690</u>	<u>4,102,473</u>
<i>Program Revenues</i>	<u>3,820,850</u>	<u>3,979,285</u>	<u>4,045,690</u>	<u>4,102,473</u>
Total Primary Government				
Program Revenues	<u>\$ 5,395,571</u>	<u>\$ 5,940,577</u>	<u>\$ 5,142,972</u>	<u>\$ 5,264,751</u>

TABLE 2

		Fiscal Year									
		2016*	2017	2018	2019	2020	2021				
\$	8,380,379	\$	5,832,574	\$	3,957,565	\$	3,531,774	\$	3,115,843	\$	3,237,399
	6,548,599		7,141,799		7,208,670		7,968,939		8,627,416		8,446,080
	2,680,500		2,724,691		2,785,890		2,924,373		2,833,678		2,988,661
	201,719		236,786		244,312		217,299		226,927		233,671
	684,213		633,911		579,660		530,842		488,674		353,002
	<u>18,495,410</u>		<u>16,569,761</u>		<u>14,776,097</u>		<u>15,173,227</u>		<u>15,292,538</u>		<u>15,258,813</u>
	3,226,920		3,322,107		3,679,114		3,959,766		3,904,880		4,105,442
	580,855		477,189		509,026		499,022		527,844		520,732
	183,331		383,704		228,145		278,735		519,822		906,941
	<u>3,991,106</u>		<u>4,183,000</u>		<u>4,416,285</u>		<u>4,737,523</u>		<u>4,952,546</u>		<u>5,533,115</u>
\$	<u>22,486,516</u>	\$	<u>20,752,761</u>	\$	<u>19,192,382</u>	\$	<u>19,910,750</u>	\$	<u>20,245,084</u>	\$	<u>20,791,928</u>
\$	53,086	\$	1,028,765	\$	46,408	\$	37,393	\$	30,323	\$	1,308,041
	672,712		669,876		897,738		795,870		763,135		219,695
	167,563		200,946		291,422		581,828		278,556		10,957
	57,689		63,893		65,127		68,502		28,999		36,442
	32,500		44,845		974,452		1,063,034		1,047,285		924,949
	-		270,000		-		-		-		39,000
	<u>983,550</u>		<u>2,278,325</u>		<u>2,275,147</u>		<u>2,546,627</u>		<u>2,148,298</u>		<u>2,539,084</u>
	3,351,518		3,285,822		4,027,254		3,990,018		4,098,610		4,282,722
	557,942		526,365		592,047		565,855		605,410		614,169
	-		-		-		-		-		-
	-		-		-		-		-		158,000
	-		147,337		197,698		839,295		-		608,037
	<u>3,909,460</u>		<u>3,959,524</u>		<u>4,816,999</u>		<u>5,395,168</u>		<u>4,704,020</u>		<u>5,662,928</u>
\$	<u>4,893,010</u>	\$	<u>6,237,849</u>	\$	<u>7,092,146</u>	\$	<u>7,941,795</u>	\$	<u>6,852,318</u>	\$	<u>8,202,012</u>

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

	Fiscal Year			
	2012*	2013*	2014*	2015*
Net (Expenses)/Revenue				
Governmental Activities	\$ (11,375,489)	\$ (10,543,482)	\$ (11,900,929)	\$ (14,904,104)
Business-Type Activities	378,346	374,783	39,413	387,614
Total Primary Government Net Expenses	<u>\$ (10,997,143)</u>	<u>\$ (10,168,699)</u>	<u>\$ (11,861,516)</u>	<u>\$ (14,516,490)</u>
Governmental Revenues and Other				
Changes in Net Position				
<i>Governmental Activities</i>				
Taxes:				
Property Taxes	\$ 3,657,100	\$ 3,728,011	\$ 3,877,655	\$ 4,770,375
Sales and Mixed Beverage Taxes	6,267,815	6,339,452	6,607,876	7,515,505
Franchise Taxes	852,464	818,781	1,060,879	1,179,497
Occupancy Taxes	244,018	345,329	403,004	436,420
Interest and Investment Earnings	33,704	58,912	37,346	69,873
Miscellaneous	21,595	1,595,998	39,380	54,254
Transfers	351,150	272,724	249,785	103,803
<i>Total Governmental Activities</i>	<u>11,427,846</u>	<u>13,159,207</u>	<u>12,275,925</u>	<u>14,129,727</u>
<i>Business-Type Activities</i>				
Interest and Investment Earnings	2,453	2,233	746	1,105
Miscellaneous	-	-	-	-
Transfers	(351,150)	(272,724)	(249,785)	(103,803)
<i>Total Business-Type Activities</i>	<u>(348,697)</u>	<u>(270,491)</u>	<u>(249,039)</u>	<u>(102,698)</u>
Total Primary Government	<u>\$ 11,079,149</u>	<u>\$ 12,888,716</u>	<u>\$ 12,026,886</u>	<u>\$ 14,027,029</u>
Changes In Net Position				
Government Activities	\$ 52,357	\$ 2,615,725	\$ 374,996	\$ (774,377)
Business-Type Activities	29,649	104,292	(209,626)	284,916
Total Primary Government	<u>\$ 82,006</u>	<u>\$ 2,720,017</u>	<u>\$ 165,370</u>	<u>\$ (489,461)</u>

*Years 2016 and prior included the Live Oak Economic Development Corporation as a blended component unit. These years have not been restated for the change on this schedule.

TABLE 2 (Continued)

Fiscal Year					
2016*	2017	2018	2019	2020	2021
\$ (17,511,860)	\$ (14,291,436)	\$ (12,500,950)	\$ (12,626,600)	\$ (13,144,240)	\$ (12,719,729)
(81,646)	(223,476)	400,714	657,645	(248,526)	129,813
<u>\$ (17,593,506)</u>	<u>\$ (14,514,912)</u>	<u>\$ (12,100,236)</u>	<u>\$ (11,968,955)</u>	<u>\$ (13,392,766)</u>	<u>\$ (12,589,916)</u>
\$ 4,816,434	\$ 5,302,619	\$ 5,405,636	\$ 5,683,767	\$ 5,763,038	\$ 6,045,605
7,855,281	5,942,495	6,110,869	6,895,667	6,556,209	7,629,564
1,170,417	1,143,688	1,140,210	1,136,462	1,064,713	1,202,761
540,765	596,882	592,016	631,720	360,884	521,757
162,719	158,707	215,721	413,511	286,389	14,499
41,487	29,296	93,879	182,194	160,583	192,367
116,275	397,898	402,016	414,412	(120,418)	358,994
<u>14,703,378</u>	<u>13,571,585</u>	<u>13,960,347</u>	<u>15,357,733</u>	<u>14,071,398</u>	<u>15,965,547</u>
6,410	16,534	36,099	70,578	17,307	872
-	8,802	56,641	6,716	13,167	10,180
(116,275)	(397,989)	(402,016)	(414,412)	120,418	(358,994)
<u>(109,865)</u>	<u>(372,653)</u>	<u>(309,276)</u>	<u>(337,118)</u>	<u>150,892</u>	<u>(347,942)</u>
<u>\$ 14,593,513</u>	<u>\$ 13,198,932</u>	<u>\$ 13,651,071</u>	<u>\$ 15,020,615</u>	<u>\$ 14,222,290</u>	<u>\$ 15,617,605</u>
\$ (2,808,482)	\$ (719,851)	\$ 1,459,397	\$ 2,731,133	\$ 927,158	\$ 3,245,818
(191,511)	(596,129)	91,438	320,527	(97,634)	(218,129)
<u>\$ (2,999,993)</u>	<u>\$ (1,315,980)</u>	<u>\$ 1,550,835</u>	<u>\$ 3,051,660</u>	<u>\$ 829,524</u>	<u>\$ 3,027,689</u>

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

	Fiscal Year			
	2012	2013	2014	2015
<i>General Fund:</i>				
Nonspendable	\$ 19,307	\$ 18,730	\$ 10,127	\$ 10,022
Restricted	12,323	8,827	10,416	15,465
Committed	1,572,184	1,625,100	1,846,355	1,978,705
Assigned	-	-	-	-
Unassigned	6,565,155	6,516,011	6,816,883	7,536,197
<i>Total General Fund</i>	<u>\$ 8,168,969</u>	<u>\$ 8,168,668</u>	<u>\$ 8,683,781</u>	<u>\$ 9,540,389</u>
<i>All Other Governmental Funds:</i>				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Restricted	1,147,782	3,009,855	13,477,756	10,237,843
Committed	396,086	598,290	419,239	748,666
Assigned	-	-	-	-
Unassigned	-	-	-	-
<i>Total All Other Governmental Funds</i>	<u>\$ 1,543,868</u>	<u>\$ 3,608,145</u>	<u>\$ 13,896,995</u>	<u>\$ 10,986,509</u>

TABLE 3

Fiscal Year					
2016	2017	2018	2019	2020	2021
\$ 15,458	\$ 114,631	\$ 17,800	\$ 21,300	\$ 17,082	\$ 32,456
13,523	6,747	3,660	19,989	10,883	-
1,943,738	2,482,170	2,553,151	2,970,258	4,462,775	4,967,942
-	-	-	-	88,778	-
8,617,515	9,346,943	10,044,706	11,745,322	10,283,739	12,601,788
<u>\$ 10,590,234</u>	<u>\$ 11,950,491</u>	<u>\$ 12,619,317</u>	<u>\$ 14,756,869</u>	<u>\$ 14,863,257</u>	<u>\$ 17,602,186</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5,157,188	2,529,428	2,421,670	2,471,730	2,509,713	2,612,807
928,678	1,207,089	788,234	1,297,881	1,121,594	738,369
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 6,085,866</u>	<u>\$ 3,736,517</u>	<u>\$ 3,209,904</u>	<u>\$ 3,769,611</u>	<u>\$ 3,631,307</u>	<u>\$ 3,351,176</u>

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

	Fiscal Year			
	2012	2013	2014	2015
REVENUES				
Taxes	\$ 9,413,627	\$ 9,695,429	\$ 10,258,025	\$ 12,086,031
Fines and Forfeitures	385,970	439,717	507,975	470,667
Licenses and Permits	323,162	324,816	260,592	329,905
Charges for Services	500,795	284,374	124,020	126,610
Grants and Donations	378,691	473,950	121,648	213,157
Investment Earnings	32,521	57,927	36,398	62,677
Miscellaneous	25,165	42,780	87,284	76,125
TOTAL REVENUES	<u>11,059,931</u>	<u>11,318,993</u>	<u>11,395,942</u>	<u>13,365,172</u>
EXPENDITURES				
Current:				
General Government	2,674,427	2,446,405	2,773,943	5,502,218
Public Safety	5,601,217	5,570,275	5,599,405	6,055,839
Public Works	1,847,754	1,824,433	1,689,321	1,792,428
Recreation	231,477	168,400	194,147	178,235
Capital Outlay	1,218,894	431,970	499,420	1,123,191
Debt Service:				
Principal	1,070,000	1,115,000	1,155,000	1,550,000
Interest and Fiscal Agent Fees	762,438	705,915	801,003	791,505
Bond Issue Costs	-	-	133,226	-
TOTAL EXPENDITURES	<u>13,406,207</u>	<u>12,262,398</u>	<u>12,845,465</u>	<u>16,993,416</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2,346,276)</u>	<u>(943,405)</u>	<u>(1,449,523)</u>	<u>(3,628,244)</u>
OTHER FINANCING				
SOURCES (USES)				
Sales of Capital Assets	-	1,628,272	-	68
Transfers In	1,623,341	1,888,552	1,534,275	2,048,548
Transfers Out	(222,558)	(509,443)	(170,300)	(474,250)
Debt Issuance	550,000	-	19,515,000	-
Bond Premium	-	-	1,538,966	-
Payments to Refunding Escrow Agent	-	-	(10,164,455)	-
TOTAL OTHER FINANCING	<u>-</u>	<u>-</u>	<u>18,883,528</u>	<u>1,574,366</u>
SOURCES (USES)	<u>1,950,783</u>	<u>3,007,381</u>	<u>12,253,486</u>	<u>1,574,366</u>
NET CHANGE IN FUND BALANCE	<u>\$ (395,493)</u>	<u>\$ 2,063,976</u>	<u>\$ 10,803,963</u>	<u>\$ (2,053,878)</u>
Debt Service as a Percentage of Noncapital Expenditures	14.7%	15.1%	14.4%	15.6%

TABLE 4

		Fiscal Year									
		2016	2017	2018	2019	2020	2021				
\$	12,637,054	\$	12,939,413	\$	13,217,790	\$	14,251,690	\$	13,689,336	\$	15,268,089
	466,763		446,246		580,805		598,291		498,726		549,331
	220,009		248,451		341,623		619,216		311,189		846,269
	134,278		140,784		133,876		143,585		86,886		283,859
	162,500		1,442,844		1,165,176		1,156,657		1,160,914		821,929
	108,984		158,707		215,721		413,511		286,389		14,501
	84,658		134,192		95,655		291,071		255,954		274,536
	<u>13,814,246</u>		<u>15,510,637</u>		<u>15,750,646</u>		<u>17,474,021</u>		<u>16,289,394</u>		<u>18,058,514</u>
	7,855,639		5,576,329		3,783,937		3,269,456		2,949,970		2,956,407
	5,898,901		6,129,095		6,452,232		6,837,579		7,721,922		7,711,591
	1,833,522		1,870,241		2,020,134		2,039,282		2,012,575		2,072,066
	201,719		233,257		239,247		208,943		214,835		226,089
	831,073		682,087		1,112,806		514,931		977,965		749,103
	1,625,000		1,675,000		1,725,000		1,695,000		1,735,000		1,795,000
	782,038		731,618		677,093		625,983		588,625		522,408
	-		-		-		-		-		-
	<u>19,027,892</u>		<u>16,897,627</u>		<u>16,010,449</u>		<u>15,191,174</u>		<u>16,200,892</u>		<u>16,032,664</u>
	<u>(5,213,646)</u>		<u>(1,386,990)</u>		<u>(259,803)</u>		<u>2,282,847</u>		<u>88,502</u>		<u>2,025,850</u>
	-		-		-		-		-		52,881
	1,893,100		890,383		910,101		887,912		892,108		425,224
	(530,252)		(492,485)		(508,085)		(473,500)		(1,012,526)		(45,157)
	-		-		-		-		-		-
	-		-		-		-		-		-
	-		-		-		-		-		-
	<u>1,362,848</u>		<u>397,898</u>		<u>402,016</u>		<u>414,412</u>		<u>(120,418)</u>		<u>432,948</u>
\$	<u>(3,850,798)</u>	\$	<u>(989,092)</u>	\$	<u>142,213</u>	\$	<u>2,697,259</u>	\$	<u>(31,916)</u>	\$	<u>2,458,798</u>
	13.1%		14.8%		16.1%		15.8%		15.3%		17.5%

CITY OF LIVE OAK
TAX REVENUE BY SOURCE – GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

TABLE 5

Fiscal Year	Property	Sales & Use Mixed Beverage	Occupancy	Franchise	Total Taxes
2012	\$ 3,599,513	\$ 4,717,632	\$ 244,018	\$ 852,464	\$ 9,413,627
2013	3,758,211	4,773,108	345,329	818,781	9,695,429
2014	3,814,512	4,979,630	403,004	1,060,879	10,258,025
2015	4,808,043	5,662,071	436,420	1,179,497	12,086,031
2016	5,006,176	5,919,696	540,765	1,170,417	12,637,054
2017	5,256,348	5,942,495	596,882	1,143,688	12,939,413
2018	5,402,347	6,083,217	592,016	1,140,210	13,217,790
2019	5,674,876	6,808,632	631,720	1,136,462	14,251,690
2020	5,758,565	6,505,174	360,884	1,064,713	13,689,336
2021	6,034,025	7,581,891	521,757	1,130,416	15,268,089

CITY OF LIVE OAK
 ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
 LAST TEN FISCAL YEARS

TABLE 6

Fiscal Year	Residential Property	Commercial Property	Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
2012	\$ 462,465,883	\$ 510,152,136	\$ 159,775,982	\$ 812,842,037	0.477291
2013	476,696,234	537,299,352	157,838,602	856,156,984	0.463155
2014	499,621,822	574,309,145	158,629,313	915,301,654	0.445401
2015	560,159,849	586,655,656	178,346,971	968,468,534	0.510000
2016	618,580,846	682,811,268	193,678,796	1,107,713,318	0.467691
2017	651,413,768	748,015,483	182,210,553	1,217,218,698	0.446837
2018	705,864,315	772,575,189	202,211,523	1,276,227,981	0.443475
2019	738,730,967	833,932,717	211,536,410	1,361,127,274	0.437087
2020	790,222,690	935,482,894	243,208,157	1,482,497,427	0.414686
2021	850,823,455	988,088,341	279,224,463	1,559,687,333	0.412217

Source: Bexar County Appraisal District

NOTES: Property in the City of Live Oak is reassessed every year at estimated actual value. For this reason, assessed value is equal to estimated actual value. Tax rates are per \$100 of assessed value. Total taxable assessed value is before any applicable freeze adjustments.

CITY OF LIVE OAK
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS
(UNAUDITED)

TABLE 7

Fiscal Year	City Direct Rates			Overlapping Rates	
	General Fund	Debt Service	Total Direct	Judson ISD	Northeast ISD
2012	0.378511	0.098780	0.477291	1.4250	1.4250
2013	0.367903	0.095252	0.463155	1.4250	1.4406
2014	0.356360	0.089041	0.445401	1.4250	1.4406
2015	0.356363	0.153637	0.510000	1.4250	1.4406
2016	0.330927	0.136764	0.467691	1.4200	1.4150
2017	0.322620	0.124217	0.446837	1.4700	1.3850
2018	0.324175	0.119300	0.443475	1.4250	1.3650
2019	0.324394	0.112693	0.437087	1.4400	1.3600
2020	0.311410	0.103276	0.414686	1.3584	1.2900
2021	0.313911	0.098306	0.412217	1.2749	1.2684

Fiscal Year	Overlapping Rates				
	Alamo Community College	San Antonio River Authority	Bexar County	Bexar County Flood	University Health System Flood
2012	0.14915	0.01737	0.29619	0.03068	0.27624
2013	0.14915	0.01780	0.29619	0.03068	0.27624
2014	0.14915	0.17500	0.28382	0.03068	0.27624
2015	0.14915	0.01750	0.28382	0.03068	0.27624
2016	0.14915	0.01729	0.29750	0.01700	0.27624
2017	0.14915	0.01729	0.29325	0.01570	0.29325
2018	0.14915	0.01729	0.29123	0.01287	0.27624
2019	0.14915	0.01858	0.27743	0.02367	0.27624
2020	0.14915	0.01858	0.27743	0.02367	0.27624
2021	0.14915	0.01858	0.27743	0.02367	0.27624

Source: Bexar County Tax Offices

NOTE: Overlapping rates are those of local and county governments that apply within the City of Live Oak. Not all overlapping rates apply to all City of Live Oak property owners.

CITY OF LIVE OAK
PRINCIPAL PROPERTY TAX PAYERS
CURRENT YEAR AND NINE YEARS AGO

TABLE 8

Taxpayer	2021			2012		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Randolph Brooks FCU	\$ 78,564,630	1	5.04%	\$ 36,225,337	2	4.46%
Methodist Healthcare System	67,563,790	2	4.33%	40,561,780	1	4.99%
IKEA Property Inc	54,570,740	3	3.50%			
GPIF Mira Loma LLC	46,500,000	4	2.98%	31,900,000	3	3.92%
Continental 136 Fund	36,800,000	5	2.36%	24,400,000	5	3.00%
CFH Heritage LP	34,600,000	6	2.22%			
MCN Villas-SA LLC	33,700,000	7	2.16%			
SA Development Company LP	27,301,454	8	1.75%	14,738,515	7	1.81%
LOTG Holdings Ltd	22,535,040	9	1.44%	9,475,770	10	1.17%
Aspire at Live Oak MF LLC	22,180,740	10	1.42%			
Redus TX Properties, LLC				26,114,050	4	3.21%
MBS-Colonade Ltd				23,639,000	6	2.91%
Target Corporation				11,921,318	8	1.47%
Jordan Ford, Inc.				10,614,630	9	1.31%
TOTALS	<u>\$ 424,316,394</u>		<u>27.21%</u>	<u>\$ 229,590,400</u>		<u>16.75%</u>
TOTAL TAXABLE ASSESSED VALUE	<u>\$ 1,559,687,333</u>			<u>\$ 812,842,037</u>		

Source: Bexar County Appraisal District

LiveOak
THE CITY OF LIVE OAK TEXAS

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

TABLE 9

Fiscal Year Ended September 30,	Taxes Levied for the Fiscal Year	Collected Within		Collections In Subsequent Years	Total Collections To Date	
		Fiscal Year of Levy Amount	% of Levy		Amount	% of Levy
2012	\$ 3,823,938	\$ 3,799,510	99.36%	\$ 21,613	\$ 3,821,123	99.93%
2013	3,919,285	3,904,807	99.63%	11,125	3,915,932	99.91%
2014	4,053,449	3,978,852	98.16%	70,524	4,049,376	99.90%
2015	4,863,092	4,848,896	99.71%	9,152	4,858,048	99.90%
2016	5,069,178	4,990,227	98.44%	74,345	5,064,572	99.91%
2017	5,320,407	5,247,854	98.64%	67,927	5,315,781	99.91%
2018	5,510,833	5,422,439	98.40%	81,149	5,503,588	99.87%
2019	5,731,799	5,646,854	98.52%	64,735	5,711,589	99.65%
2020	5,841,744	5,811,636	99.48%	4,718	5,816,354	99.57%
2021	6,210,081	6,176,273	99.46%	-	6,176,273	99.46%

Source: Bexar County Appraisal District

CITY OF LIVE OAK
TOP TWENTY SALES TAX PROVIDERS BY BUSINESS CLASS
LAST TEN FISCAL YEARS
(UNAUDITED)

Business Class	Fiscal Year							
	2021		2020		2019		2018	
	Rank	Percent of Total	Rank	Percent of Total	Rank	Percent of Total	Rank	Percent of Total
Furniture Sales	1	17.6	1	17.6	1	17.1	6	5.5
Home Centers	2	13.8	2	13.4	2	10.9	1	12.3
Full-Service Restaurant	3	16.2	3	7.8	4	7.8	3	8.0
General Merchandise Stores	4	7.3	4	7.2	5	6.8	4	7.5
Radio, TV & Electronic Stores	5	6.5	5	6.4	3	7.9	2	9.7
Clothing Accessories Stores	6	3.4	16	1.7	12	2.0	12	2.5
General Medical & Surgical Hospitals	7	2.5	8	2.9	8	3.2	10	3.0
All Other Home Furnishing Stores	8	2.2	11	2.0	14	1.8	9	3.2
Jewelry Stores	9	2.2	14	1.8	11	2.1	11	2.6
Beer, Wine and Liquor Stores	10	2.1	9	2.3	15	1.8	17	1.6
Wireless Telecommunications	11	2.1	13	1.9	10	2.6	7	5.2
Department Stores	12	2.1	10	2.1	9	2.7	8	3.4
New Car Dealers	13	1.8	12	2.0	13	1.9	15	2.1
Gasoline Station Convenience Stores	14	1.6	15	1.8	19	1.3		
Business to Business Electronic Markets	15	1.6	19	0.9				
Automotive Parts, Access and Tires	16	1.2	17	1.7	17	1.6	16	1.8
Miscellaneous Retailer	17	1.2			18	1.5		
Automotive Repair	18	1.1					19	1.3
Outdoor Power Equipment	19	1.1	18	1.1	20	1.0	20	1.1
Undefined	20	1.1	7	4.8	7	3.3		
Limited-Service Restaurants			6	5.6	6	5.6	5	6.3
Electric Pwer Generators			20	0.9				
Motion Picture Theaters					16	1.7	13	2.4
Other Appliances							14	2.3
Construction							18	1.3
Electronics, Applications, Computers								
Shoe Stores								
Wholesalers Durable								
Amusement, Gambling, Recreation								
Direct Selling Establishment								
Total		<u>88.7</u>		<u>85.9</u>		<u>84.6</u>		<u>83.1</u>

Source: Muniservices

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

TABLE 10

Fiscal Year											
2017		2016		2015		2014		2013		2012	
Rank	Percent of Total	Rank	Percent of Total	Rank	Percent of Total	Rank	Percent of Total	Rank	Percent of Total	Rank	Percent of Total
6	5.4	6	5.7	5	6.3	16	1.7	19	1.1	15	1.3
1	12.6	1	12.0	1	11.0	2	10.9	2	11.3	2	10.7
3	8.3	3	8.5	4	8.4	4	8.2	4	8.8	4	9.2
4	7.3	4	7.8	3	8.4	3	9.1	3	9.8	3	10.0
2	9.5	2	9.4	2	10.4	1	11.2	1	12.2	1	12.4
12	2.5	12	2.6	14	2.5	12	2.9	12	3.1	12	3.1
10	3.0	14	2.5	12	2.9	11	3.0	13	2.6	13	2.3
8	3.6	9	3.5	10	3.4	9	3.5	8	3.8	8	4.0
11	2.8	10	3.3	9	3.6	8	3.7	9	3.7	10	3.3
19	1.2			18	1.3						
7	5.4	7	5.4	6	5.2	6	5.1	7	4.3	7	4.3
9	3.4	8	3.7	8	4.3	5	5.1	5	6.0	5	6.3
15	2.2	15	2.1	16	1.7	15	2.0	11	3.2	11	3.3
16	1.9	16	1.9	15	2.0	14	2.0	14	2.1	14	2.0
		17	1.2								
20	1.1							17	1.2	18	1.2
5	6.2	5	5.8	7	4.7	7	5.1	6	5.5	6	5.2
18	1.2	18	1.2	20	1.1	19	1.2	16	1.3	17	1.2
13	2.5	11	2.7	13	2.8	10	3.2	10	3.6	9	3.5
14	2.3	13	2.6	11	3.2	13	2.1				
17	1.6										
		19	1.0	19	1.2						
		20	1.0			18	1.3				
				17	1.3	17	1.4	15	1.5	16	1.2
						20	1.2	20	1.0	20	1.0
								18	1.1	19	1.1
	<u>84.0</u>		<u>83.9</u>		<u>85.7</u>		<u>83.9</u>		<u>87.2</u>		<u>86.6</u>

CITY OF LIVE OAK
RATIOS OF DEBT OUTSTANDING BY TYPE
LAST TEN FISCAL YEARS

TABLE 11

Fiscal Year	Governmental Activities			Business-Type Activities	Total Primary Government	Percent of Personal Income	Per Capita
	General Obligation Bonds	Certificates of Obligation	Tax Notes	Tax Notes			
2012	\$ 11,944,203	\$ 3,795,000	\$ 470,000	\$ 485,000	\$ 16,694,203	5.28%	1,241
2013	11,112,764	3,570,000	395,000	365,000	15,442,764	4.91%	1,161
2014	23,876,889	765,000	320,000	245,000	25,206,889	7.31%	1,709
2015	22,541,707	520,000	240,000	125,000	23,426,707	6.13%	1,550
2016	21,141,525	265,000	160,000	-	21,566,525	4.74%	1,405
2017	19,701,343	-	80,000	-	19,781,343	3.97%	1,256
2018	17,946,161	-	-	-	17,946,161	3.43%	1,134
2019	16,140,979	-	-	-	16,140,979	3.23%	1,015
2020	14,295,797	-	-	-	14,295,797	2.82%	811
2021	12,319,679	-	-	-	12,319,679	2.43%	765

NOTE: Details regarding the City's outstanding debt can be found in the notes to the basic financial statements. See Table 6 for the City's property tax value data. City population data can be found in Table 15.

CITY OF LIVE OAK
RATIOS OF GENERAL BONDED DEBT OUSTANDING
CURRENT YEAR

TABLE 12

Fiscal Year	General Bonded Debt Outstanding					Less Resources Restricted for Debt Service	Net Debt Outstanding	Percentage of Taxable Value of Property	Per Capita
	Governmental			Business-Type					
	General Obligation Bonds	Certificates of Obligation	Tax Notes	Tax Notes	Total				
2012	\$ 11,944,203	\$ 3,795,000	\$ 470,000	\$ 485,000	\$ 16,694,203	\$ (271,763)	\$ 16,422,440	2.02%	1,241
2013	11,112,764	3,570,000	395,000	365,000	15,442,764	(282,742)	15,160,022	1.77%	1,161
2014	23,876,889	765,000	320,000	245,000	25,206,889	(279,438)	24,927,451	2.72%	1,709
2015	22,541,707	520,000	240,000	125,000	23,426,707	(351,067)	23,075,640	2.38%	1,550
2016	21,141,525	265,000	160,000	-	21,566,525	(364,915)	21,201,610	1.91%	1,405
2017	19,701,343	-	80,000	-	19,781,343	(372,025)	19,409,318	1.59%	1,256
2018	17,946,161	-	-	-	17,946,161	(380,881)	17,565,280	1.38%	1,134
2019	16,140,979	-	-	-	16,140,979	(399,456)	15,741,523	1.16%	1,015
2020	14,295,797	-	-	-	14,295,797	(431,503)	13,864,294	0.94%	811
2021	12,319,679	-	-	-	12,319,679	(378,726)	11,940,953	0.77%	765

NOTE: Details regarding the City's outstanding debt can be found in the notes to the basic financial statements. See Table 6 for the City's property tax value data. City population data can be found in Table 15.

CITY OF LIVE OAK
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
CURRENT YEAR

TABLE 13

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable*	Estimated Share of Overlapping Debt
<i>Debt repaid with property taxes:</i>			
Alamo CCD	\$ 578,325,000	0.87%	\$ 5,031,428
Bexar County	1,896,160,000	0.87%	16,496,592
Bexar County Hospital District	902,130,000	0.87%	7,848,531
Judson ISD	580,839,085	9.69%	56,283,307
North East ISD	1,328,420,000	1.01%	13,417,042
Subtotal, Overlapping Debt			99,076,900
City Direct Debt			12,319,679
TOTAL DIRECT AND OVERLAPPING DEBT			\$ 111,396,579

NOTES: The overlapping debt was received from the Municipal Advisory Council of Texas. Details regarding the City's outstanding debt can be found in the notes to the basic financial statements.

Overlapping debt is the proportionate share of the debts of local jurisdictions located wholly or in part within the limits of the City of Live Oak. This schedule is intended to demonstrate the total debt that the City of Live Oak property tax payers will be expected to repay. The amount of debt applicable to the City of Live Oak is computed by (a) determining what portion of total assessed value of the overlapping jurisdiction lies within the limits of the City and (b) applying this percentage to the total governmental activities debt of the overlapping jurisdiction.

CITY OF LIVE OAK
DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

TABLE 14

Assessed Value		\$ 1,559,687,333
Debt Limit - Texas statues do not provide a legal debt limit for cities; however, through accepted practice a practical "economic" debt limit is considered to be 10% of the assessed value.		\$ 155,968,733
Amount of Applicable Debt:		
Outstanding Debt	\$ 12,319,679	
Less Debt Service Net Position	<u>(378,726)</u>	<u>11,940,953</u>
DEBT MARGIN		<u>\$ 144,027,780</u>
Total Net Debt as a Percentage of Debt Margin		8.29%

Fiscal Year	Debt Limit	Total Net Debt Applicable to Limit	Debt Margin
2012	\$ 81,284,204	\$ (16,178,237)	\$ 65,105,967
2013	85,615,698	(14,567,258)	71,048,440
2014	91,530,165	(24,682,451)	66,847,714
2015	96,846,853	(23,227,774)	73,619,079
2016	110,771,332	(21,201,610)	89,569,722
2017	121,721,870	(19,409,318)	102,312,552
2018	127,622,798	(17,565,280)	110,057,518
2019	135,112,727	(15,741,523)	119,371,204
2020	148,249,743	(13,864,294)	134,385,449

CITY OF LIVE OAK
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

TABLE 15

Fiscal Year	Population	Personal Income	Per Capita		School Enrollment	Unemployment Rate
			Personal Income	Median Age		
2012	13,455	\$ 316,300,000	\$ 23,508	35.5	6,849	7.1%
2013	13,301	314,582,000	23,651	35.5	6,982	5.9%
2014	14,751	345,026,000	23,390	35.5	6,997	4.7%
2015	15,116	382,223,000	25,286	37.4	6,999	3.2%
2016	15,346	454,971,000	29,648	37.9	7,272	3.9%
2017	15,749	498,755,000	31,669	38.6	7,197	3.2%
2018	15,820	522,993,000	33,059	38.3	8,215	3.2%
2019	15,908	499,925,000	31,426	38.6	7,327	2.8%
2020	16,104	506,084,000	31,426	35.6	7,986	6.7%
2021	17,749	533,804,000	30,075	35.1	7,959	6.7%

Sources: Population, personal income, median age and education level information are provided by the United States Census Bureau. School enrollment information is provided by the Judson Independent School District and Alamo Colleges. Unemployment data is provided by the Texas Workforce Commission.

CITY OF LIVE OAK
TOP TEN PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

TABLE 16

SAN ANOTNIO EMPLOYERS	2021			2012		
	EMPLOYEES	RANK	PERCENTAGE OF TOTAL CITY EMPLOYMENT	EMPLOYEES	RANK	PERCENTAGE OF TOTAL CITY EMPLOYMENT
Joint Base San Antonio	73,707	1	6.56%	100,578	1	7.38%
H-E-B Food Stores	22,000	2	1.96%	14,588	3	1.07%
USAA	19,400	3	1.73%	15,000	2	1.10%
Northside ISD	13,498	4	1.20%	12,751	4	0.93%
City of San Antonio	11,185	5	0.99%	9,145	6	0.67%
Methodist Healthcare	9,620	6	0.86%	7,747	7	0.56%
North East ISD	8,386	7	0.75%	10,522	5	0.77%
San Antonio ISD	7,338	8	0.65%	7,000	8	0.51%
Baptist Health Systems	6,383	9	0.57%			
JPMorgan Chase	5,152	10	0.46%			
Bill Miller Bar-B-Q				4,190	9	0.30%
Frost Bank				3,982	10	0.29%
Total	<u>176,669</u>		<u>15.73%</u>	<u>185,503</u>		<u>13.58%</u>
LIVE OAK EMPLOYERS	2021		2013			
	EMPLOYEES	RANK	EMPLOYEES	RANK		
Randolph Brooks FCU	1,348	1	763	1		
Northeast Methodist Hospital	744	2	750	2		
Judson ISD	362	3	331	4		
Jordan Ford	250	4	233	6		
NE Lakeview College	208	5	322	3		
Target	203	6	150	5		
Ikea Home Furnishings	195	7				
Best Buy	150	8		8		
Home Depot	148	9	130	7		
World Car	145	10	150	9		
Gunn Chevrolet			201			
Kohls			154			
Total	<u>3,753</u>		<u>3,184</u>			

Source: City of Live Oak Economic Development Corporation and the San Antonio Economic Development Foundation.

Note: The City of Live Oak is a suburb of the City of San Antonio, where a significant portion of Live Oak residents commute to work. Information is presented for San Antonio. The City has begun collecting information for Live Oak employers and will present information for nine years ago as it become available.

LiveOak
THE CITY OF LIVE OAK TEXAS

CITY OF LIVE OAK
 FULL-TIME EQUIVALENT CITY GOVERNMENTAL EMPLOYEES BY FUNCTION
 LAST TEN FISCAL YEARS

TABLE 17

<u>Function</u>	<u>Full-Time Equivalent Employees as of September 30,</u>									
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
<u>General Government</u>										
Business Office	12.0	10.0	9.0	9.0	9.3	9.3	9.3	7.3	7.3	8.0
Finance	5.0	5.0	4.0	4.0	6.0	6.0	6.0	6.0	6.0	6.0
Manager	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Development	3.5	3.5	3.5	3.5	4.0	4.0	4.0	4.0	4.0	4.0
<u>Public Safety</u>										
Police										
Officers	32.0	32.0	32.0	32.0	32.0	32.0	32.0	35.0	35.0	35.0
Civilians	15.0	15.0	15.0	15.0	18.0	16.0	16.0	16.0	16.0	16.0
Fire										
Civilians	1.5	1.5	1.5	1.5	1.0	0.0	0.0	0.0	0.0	0.0
Firefighters and Officers	20.0	20.0	20.0	20.0	20.0	20.0	20.0	21.0	22.0	22.0
<u>Public Works</u>										
General Services	11.0	10.0	11.0	11.0	7.0	7.0	7.0	8.0	8.0	8.0
Parks	7.0	7.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
<u>Civic Center</u>	3.0	3.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<u>Water and Sewer</u>	13	16	16	16	13	13	13	13	13	13
TOTAL	<u>124.0</u>	<u>124.5</u>	<u>119.0</u>	<u>119.0</u>	<u>117.3</u>	<u>114.3</u>	<u>114.3</u>	<u>117.3</u>	<u>118.3</u>	<u>119.0</u>

Source: City Adopted Budgets

Note Full-time equivalent is based on the schedule hours of positions to a 40 hour work week.

CITY OF LIVE OAK
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function	Fiscal Year			
	2012	2013	2014	2015
<u>Police</u>				
Traffic Violations	4,367	2,425	8,706	5,494
Arrests	534	545	545	411
<u>Fire</u>				
Fire Calls	284	373	308	436
EMS Calls	1,197	1,166	1,128	1,017
Inspections	239	206	415	923
<u>Public Works</u>				
Streets Resurfacing (Miles)	0.5	0.1	0.0	0.0
Sidewalk Construction (Feet)	2,890	1,906	155	1,056
<u>Water</u>				
Service Connections	2,689	2,696	2,731	2,777
Average Daily Consumption in Gallons:				
Pumpage	1,042,873	1,057,638	1,026,292	1,226,056
Billing	1,029,259	1,039,478	1,015,011	1,037,195
Average	1,036,066	1,048,558	1,020,652	1,131,626
<u>Sewer</u>				
Service Connections	4,550	4,589	4,710	4,713
Average Daily Treatment in Gallons	1,134,022	1,203,647	1,266,534	761,108

Source: Various City Departments.

TABLE 18

Fiscal Year					
2016	2017	2018	2019	2020	2021
4,110	4,345	6,319	5,772	5,087	4,458
305	242	620	399	672	606
594	673	290	282	546	721
1,011	43	1,579	1,549	1,174	1,470
1,083	1,043	651	761	1,005	1,156
1.2	1.2	14.2	5.2	0.0	0.0
1,056	-	-	12,660	12,810	1,000
2,885	2,876	2,928	2,940	2,957	2,915
1,386,816	1,200,000	1,325,802	1,088,196	1,365,003	980,597
1,236,047	1,040,341	1,041,742	935,647	1,104,140	1,026,732
1,311,432	1,120,171	1,183,772	1,011,922	1,234,572	1,003,665
4,716	4,720	4,853	4,865	4,882	4,920
1,236,046	1,200,000	1,320,356	1,079,259	1,124,707	1,158,475

CITY OF LIVE OAK
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

TABLE 19

<u>Function</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
<u>Police</u>										
Stations	1	1	1	1	1	1	1	1	1	1
Officers	35	38	36	35	35	35	36	36	36	36
<u>Fire</u>										
Stations	1	1	1	1	1	1	1	1	1	1
Fire Fighters	22	22	22	22	22	22	21	21	22	22
<u>Recreation</u>										
Community Centers	1	1	1	1	1	1	1	1	1	1
Parks	3	3	3	3	3	3	3	3	3	3
Swimming Pools	1	1	1	1	1	1	1	1	1	1
<u>Public Works</u>										
Miles of Streets	45.2	45.2	45.0	45.0	45.5	45.5	45.5	46.3	48.1	48.3
<u>Water</u>										
Water Mains (Miles)	35.0	35.0	35.0	35.0	35.0	55.0	55.0	55.5	57.4	57.7
Number of Hydrants	436	436	436	440	440	440	497	532	537	564
<u>Sewer</u>										
Sanitary Sewers (Miles)	43	43	43	43	43	60	60	61	63	63
<u>Storm Water</u>										
Storm Sewers (Feet)	13,400	13,400	13,400	13,400	13,400	13,400	13,400	19,400	21,577	21,577

Source: Various City Departments

COMPLIANCE SECTION



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

INDEPENDENT AUDITOR'S REPORT

To the City Council and management
City of Live Oak

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 City of Live Oak as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise City of Live Oak's basic financial statements, and have issued our report thereon dated December 10, 2021.

Internal Control over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on 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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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



Armstrong, Vaughan & Associates, P.C.

December 10, 2021

LiveOak
THE CITY OF LIVE OAK TEXAS

