

LIVE OAK NO. 2

Community Development District

Annual Operating and Debt Service Budget

Fiscal Year 2018

Version 1 - Approved Tentative Budget
(Approved May 16, 2017)

Prepared by:



LIVE OAK NO. 2

Community Development District

Table of Contents

| | <u>Page #</u> |
|--|---------------|
| <u>OPERATING BUDGET</u> | |
| General Fund | |
| Summary of Revenues, Expenditures and Changes in Fund Balances | 1 |
| Budget Narrative | 2-4 |
| Exhibit A - Allocation of Fund Balances | 5 |
| <u>DEBT SERVICE BUDGET</u> | |
| Series 2016 | |
| Summary of Revenues, Expenditures and Changes in Fund Balances | 6 |
| Amortization Schedule | 7 |
| <u>SUPPORTING BUDGET SCHEDULES</u> | |
| 2017-2018 Non-Ad Valorem Assessment Summary | 8 |

Live Oak No. 2
Community Development District

Operating Budget
Fiscal Year 2018

LIVE OAK NO. 2

Community Development District

General Fund

Summary of Revenues, Expenditures and Changes in Fund Balances
Fiscal Year 2018 Proposed Budget

| ACCOUNT DESCRIPTION | ACTUAL | ACTUAL | ADOPTED | ACTUAL | PROJECTED | TOTAL | ANNUAL |
|--------------------------------|-------------------|-------------------|-------------------|-------------------|--------------------|-------------------|-------------------|
| | FY 2015 | FY 2016 | BUDGET | THRU | MAY- | PROJECTED | BUDGET |
| | | | FY 2017 | APR-2017 | SEP-2017 | FY 2017 | FY 2018 |
| REVENUES | | | | | | | |
| Interest - Investments | \$ 1,456 | \$ 1,321 | \$ - | \$ 1,138 | \$ 625 | \$ 1,763 | \$ - |
| Special Assmnts- Tax Collector | 256,048 | 256,048 | 256,049 | 251,035 | 5,013 | 256,048 | 256,049 |
| Special Assmnts- Delinquent | 296 | - | - | - | - | - | - |
| Special Assmnts- Discounts | (9,576) | (9,587) | (10,242) | (9,683) | - | (9,683) | (10,242) |
| Other Miscellaneous Revenues | - | - | - | 1,667 | - | 1,667 | - |
| TOTAL REVENUES | 248,224 | 247,782 | 245,807 | 244,157 | 5,638 | 249,795 | 245,807 |
| EXPENDITURES | | | | | | | |
| <i>Administrative</i> | | | | | | | |
| P/R-Board of Supervisors | 4,600 | 4,600 | 8,000 | 800 | 2,000 | 2,800 | 8,000 |
| FICA Taxes | 352 | 352 | 612 | 61 | 153 | 213 | 612 |
| ProfServ-Arbitrage Rebate | 600 | 1,200 | 600 | - | 600 | 600 | 600 |
| ProfServ-Dissemination Agent | 5,000 | 5,000 | 1,000 | - | 1,000 | 1,000 | 1,000 |
| ProfServ-Engineering | 32,575 | 16,477 | 15,000 | 10,211 | 10,211 | 20,422 | 15,000 |
| ProfServ-Legal Services | 2,150 | 3,525 | 3,000 | 2,099 | 1,499 | 3,598 | 3,000 |
| ProfServ-Mgmt Consulting Serv | 37,000 | 38,850 | 38,850 | 22,663 | 16,187 | 38,850 | 38,850 |
| ProfServ-Property Appraiser | 4,847 | - | - | - | - | - | - |
| ProfServ-Special Assessment | 12,500 | 12,500 | 12,500 | 12,500 | - | 12,500 | 12,500 |
| ProfServ-Trustee Fees | 9,079 | 9,079 | 3,717 | - | 3,717 | 3,717 | 3,717 |
| Auditing Services | 3,500 | 3,500 | 3,500 | - | 3,500 | 3,500 | 3,500 |
| Postage and Freight | 170 | 95 | 1,000 | 27 | 300 | 327 | 1,000 |
| Insurance - General Liability | 9,195 | 8,217 | 9,039 | 8,310 | - | 8,310 | 9,141 |
| Printing and Binding | 342 | 171 | 500 | 52 | 119 | 171 | 500 |
| Legal Advertising | 665 | 379 | 900 | 285 | 450 | 735 | 900 |
| Misc-Bank Charges | 271 | 302 | 600 | 163 | 140 | 303 | 600 |
| Misc-Assessmnt Collection Cost | 3,847 | 3,456 | 5,121 | 4,827 | 100 | 4,927 | 5,121 |
| Misc-Web Hosting | 1,228 | 772 | 775 | 775 | - | 775 | 775 |
| Office Supplies | - | 94 | 100 | - | 94 | 94 | 100 |
| Annual District Filing Fee | 175 | 175 | 175 | 175 | - | 175 | 175 |
| Total Administrative | 128,096 | 108,744 | 104,989 | 62,948 | 40,070 | 103,017 | 105,091 |
| <i>Field</i> | | | | | | | |
| Contracts-Envirom'l Monitoring | 5,250 | 1,950 | - | - | 13,800 | 13,800 | 3,200 |
| Contracts-Landscape | 42,238 | 44,238 | 44,238 | 25,806 | 18,432 | 44,238 | 44,238 |
| Contracts-Lakes | 16,596 | 16,596 | 16,596 | 9,681 | 6,915 | 16,596 | 16,596 |
| R&M-Fence | 6,689 | 3,620 | 7,500 | 555 | 396 | 951 | 7,500 |
| R&M-Lake | 5,755 | 1,022 | 5,000 | 7,746 | - | 7,746 | 5,000 |
| R&M-Stormwater System | 31,800 | - | - | - | - | - | - |
| R&M-Wetland Monitoring | 1,000 | - | 8,000 | 1,650 | 6,350 | 8,000 | 8,000 |
| Misc-Contingency | 4,025 | 25,004 | 25,000 | 16,525 | 8,000 | 24,525 | 25,000 |
| Reserve - Ponds | 13,245 | - | 34,484 | 24,432 | - | 24,432 | 31,182 |
| Total Field | 126,598 | 92,430 | 140,818 | 86,395 | 53,893 | 140,288 | 140,716 |
| TOTAL EXPENDITURES | 254,694 | 201,174 | 245,807 | 149,343 | 93,963 | 243,305 | 245,807 |
| Net change in fund balance | (6,470) | 46,608 | - | 94,814 | (88,325) | 6,490 | 0 |
| FUND BALANCE, BEGINNING | 311,204 | 304,734 | 351,342 | 351,342 | - | 351,342 | 357,832 |
| FUND BALANCE, ENDING | \$ 304,734 | \$ 351,342 | \$ 351,342 | \$ 446,156 | \$ (88,325) | \$ 357,832 | \$ 357,832 |

Budget Narrative

Fiscal Year 2018

REVENUES**Special Assessment – Tax Collector**

The District will levy a Non-Ad Valorem assessment on all the assessable property within the District in order to pay for the operating expenditures during the Fiscal Year.

Special Assessment – Discount

Per Section 197.162, Florida Statutes, discounts are allowed for early payment of assessments. The budgeted amount for the fiscal year is calculated at 4% of the anticipated Non-Ad Valorem assessments.

EXPENDITURES**ADMINISTRATIVE****P/R Board of Supervisor**

Chapter 190 of the Florida Statutes allows for a member of the Board of Supervisors to be compensated for a meeting attendance and to receive \$200 per meeting plus payroll taxes.

FICA Taxes

Payroll taxes for the Supervisors' salaries are calculated at 7.65% of gross payroll.

Professional Services-Arbitrage Rebate Calculation

The District will contract with an independent certified public account to annually calculate the District's Arbitrage Rebate Liability on the Series of Benefit Special Assessment Bonds. The budgeted amount for the fiscal year is based on standard fees charged for this service.

Professional Services-Dissemination Agent

The District is required by the Securities and Exchange Commission to comply with rule 15c2-12(b)-(5), which relates to additional supporting requirements for unrelated bond issues. The budgeted amount for the fiscal year is based on the Series 2016 Continuing Disclosure Certificate found in the indenture.

Professional Services-Engineering

The District's engineer will be providing general engineering services to the District, i.e. attendance and preparation for monthly board meetings, review invoices, etc. Fees are based on estimated activity.

Professional Services-Legal

The District's legal counsel will be providing general legal services to the District, i.e. attendance and preparation for monthly meetings, review operating and maintenance contracts, etc. Fees are based on estimated activity.

Professional Services-Management Consulting

The District receives Management, Accounting, IT and Administrative services as part of a Management Agreement with Severn Trent Environmental Services, Inc. The fees are related to the current contracted fees in the Management Agreement.

Professional Services-Special Assessments

The District has contracted with Severn Trent Management Services, Inc. for the collection of assessments, updating the District's tax roll and levying the annual assessment.

Budget Narrative

Fiscal Year 2018

EXPENDITURES**ADMINISTRATIVE (CONTINUED)****Professional Services-Trustee**

The District pays US Bank an annual fee for trustee services on the Series 2016 Special Assessments Refunding Bond. The budgeted amount was provided by the Trustee.

Auditing Services

The District is required annually to conduct an audit of its financial records by an Independent Certified Public Accounting Firm. The fee is based on existing year's engagement letter.

Postage & Freight

Mailing of agenda packages, overnight deliveries & correspondence.

Insurance – General Liability

The District has general liability insurance. These insurance policies are held with Public Risk Insurance. Public Risk Insurance specializes in providing insurance coverage to governmental agencies. The amount is based upon historical expenses with a projected 10% increase.

Printing & Binding

Printing & binding agenda packages for board meetings, printing of computerized checks, stationary, envelopes etc.

Legal Advertising

The District is required to advertise various notices for monthly Board meetings, public hearings, etc. in a newspaper of general circulation.

Misc- Bank Charges

Bank Fees charged by SunTrust on the main operating account.

Misc-Assessment Collection Fee

The District reimburses the Tax Collector for necessary administrative costs. Per the Florida Statutes, administrative costs shall include, but not be limited to, those costs associated with personnel, forms, supplies, data processing, computer equipment, postage, and programming. The District also compensates the Tax Collector for the actual cost of collection **or** 2% on the amount of special assessments collected and remitted, whichever is greater. The budget for collection costs was based on a maximum of 2% of the anticipated assessment collections.

Misc-Web Hosting

The District will create and maintain a website for public access to the District's activities.

Office Supplies

Miscellaneous office supplies required to prepare agenda packages.

Annual District Filing Fee

The District is required to pay an annual fee to the Department of Economic Opportunity Division of Community Development for \$175.

Budget Narrative
Fiscal Year 2018

EXPENDITURES

OPERATIONS & MAINTENANCE

Contracts – Envirom’l Monitoring

The District will contract with Florida Native Nursery to remove and maintain the overgrown weeds and brush in 3 flood compensation areas. The initial cost for removal of the brush is \$12,000; the ongoing quarterly maintenance for mitigation of the area is \$800 per quarter.

Contracts - Landscape

The District currently has a contract with Landscape Maintenance Professionals, Inc. to maintain the landscaping and irrigation system of the common areas within the District. The contract amount is \$3,687 per month.

Contracts-Lakes

The District has a contract with American EcoSystems to provide lake spray services to 27 ponds for \$1,383/mo.

R&M - Fence

The District anticipates fence repair expenses.

R&M – Lake

The District expects to incur minor lake maintenance expenditures.

R&M-Wetland Monitoring

Monitoring and reporting services for the District’s lakes will be provided by Driggers & King Engineering.

Misc-Contingency

This category represents miscellaneous expenditures incurred during the year that cannot be otherwise classified.

Reserves-Ponds

This represents reserves the district has budgeted and intends to designate as funds to set aside to cover future capital expenditures which may require substantial cash use.

Exhibit "A"
Allocation of Fund Balances

AVAILABLE FUNDS

| | <u>Amount</u> |
|--|----------------|
| Beginning Fund Balance - Fiscal Year 2018 | \$ 357,832 |
| Net Change in Fund Balance - Fiscal Year 2018 | - |
| Reserves - Fiscal Year 2018 Additions | 31,182 |
| Total Funds Available (Estimated) - 9/30/2018 | 389,014 |

ALLOCATION OF AVAILABLE FUNDS

Assigned Fund Balance

| | | |
|---|----------|-----------------------|
| Operating Reserve - First Quarter Operating Capital | | 53,656 ⁽¹⁾ |
| Reserves - Ponds | 160,699 | |
| Reserves - Ponds - FY17 (Projected) | 10,052 | |
| Reserves - Ponds - FY18 (Proposed) | 31,182 | 201,933 |
| | Subtotal | <u>255,589</u> |
| Total Allocation of Available Funds | | 255,589 |

Total Unassigned (undesignated) Cash \$ 133,425

Notes

(1) Represents approximately 3 months of operating expenditures

Live Oak No. 2
Community Development District

Debt Service Budget
Fiscal Year 2018

LIVE OAK NO. 2

Community Development District

Debt Service Series 2016 Fund

Summary of Revenues, Expenditures and Changes in Fund Balances Fiscal Year 2018 Proposed Budget

| ACCOUNT DESCRIPTION | ACTUAL | ACTUAL | ADOPTED | ACTUAL | PROJECTED | TOTAL | ANNUAL |
|--|-------------|-------------------|-------------------|-------------------|---------------------|----------------------|-------------------|
| | FY 2015 | FY 2016 | BUDGET FY 2017 | THRU APR-2017 | MAY- SEP-2017 | PROJECTED FY 2017 | BUDGET FY 2018 |
| REVENUES | | | | | | | |
| Interest - Investments | \$ - | \$ 198 | \$ - | \$ 437 | \$ 303 | \$ 740 | \$ - |
| Special Assmnts- Tax Collector | - | 30,587 | 601,171 | 588,699 | 11,755 | 600,454 | 600,454 |
| Special Assmnts- Prepayment | - | 8,841 | - | - | - | - | - |
| Special Assmnts- Discounts | - | 339 | (24,047) | (22,707) | - | (22,707) | (24,018) |
| TOTAL REVENUES | - | 39,965 | 577,124 | 566,429 | 12,058 | 578,487 | 576,436 |
| EXPENDITURES | | | | | | | |
| <i>Administrative</i> | | | | | | | |
| Misc-Assessmnt Collection Cost | - | (3,481) | 12,023 | 11,320 | 235 | 11,555 | \$ 12,009 |
| Total Administrative | - | (3,481) | 12,023 | 11,320 | 235 | 11,555 | 12,009 |
| <i>Other Uses</i> | | | | | | | |
| Cost of Issuance | - | 111,165 | - | - | - | - | - |
| DS Bond Discount | - | 2,958 | - | - | - | - | - |
| Underwriter | - | 114,300 | - | - | - | - | - |
| Total Other Uses | - | 228,423 | - | - | - | - | - |
| <i>Debt Service</i> | | | | | | | |
| Principal Debt Retirement | - | 25,000 | 310,000 | - | 310,000 | 310,000 | 315,000 |
| Prepayments Series | - | - | - | 15,000 | - | 15,000 | - |
| Interest Expense Series | - | 30,042 | 245,796 | 122,898 | 122,649 | 245,547 | 238,324 |
| Total Debt Service | - | 55,042 | 555,796 | 137,898 | 432,649 | 570,547 | 553,324 |
| TOTAL EXPENDITURES | - | 279,984 | 567,819 | 149,218 | 432,883 | 582,101 | 565,332 |
| Excess (deficiency) of revenues Over (under) expenditures | - | (240,019) | 9,305 | 417,211 | (420,826) | (3,615) | 11,104 |
| OTHER FINANCING SOURCES (USES) | | | | | | | |
| Interfund Transfer - In | - | 889,193 | - | - | - | - | - |
| Proceeds of Refunding Bonds | - | 7,620,000 | - | - | - | - | - |
| Pymt to Escrow Acct-Refunding Balance | - | (7,826,788) | - | - | - | - | - |
| | - | - | 9,305 | - | - | - | 11,103 |
| TOTAL OTHER SOURCES (USES) | - | 682,405 | 9,305 | - | - | - | 11,103 |
| Net change in fund balance | - | 442,386 | 9,305 | 417,211 | (420,826) | (3,615) | 11,103 |
| FUND BALANCE, BEGINNING | - | - | 442,386 | 442,386 | - | 442,386 | 438,771 |
| FUND BALANCE, ENDING | \$ - | \$ 442,386 | \$ 451,691 | \$ 859,597 | \$ (420,826) | \$ 438,771 | \$ 449,874 |

LIVE OAK NO. 2

Community Development District

SPECIAL ASSESSMENT BONDS, SERIES 2016A AMORTIZATION SCHEDULE

| Period Ending | Principal | Coupon | Interest | Debt Service | Annual Debt Service |
|---------------|--------------|--------|--------------|---------------|---------------------|
| 11/1/2017 | | | 119,161.88 | 119,161.88 | |
| 5/1/2018 | 315,000.00 | 2.250% | 119,161.88 | 434,161.88 | 553,323.76 |
| 11/1/2018 | | | 115,618.13 | 115,618.13 | |
| 5/1/2019 | 320,000.00 | 2.250% | 115,618.13 | 435,618.13 | 551,236.26 |
| 11/1/2019 | | | 112,018.13 | 112,018.13 | |
| 5/1/2020 | 330,000.00 | 2.250% | 112,018.13 | 442,018.13 | 554,036.26 |
| 11/1/2020 | | | 108,305.63 | 108,305.63 | |
| 5/1/2021 | 335,000.00 | 2.000% | 108,305.63 | 443,305.63 | 551,611.26 |
| 11/1/2021 | | | 104,955.63 | 104,955.63 | |
| 5/1/2022 | 345,000.00 | 2.250% | 104,955.63 | 449,955.63 | 554,911.26 |
| 11/1/2022 | | | 101,074.38 | 101,074.38 | |
| 5/1/2023 | 355,000.00 | 2.600% | 101,074.38 | 456,074.38 | 557,148.76 |
| 11/1/2023 | | | 96,459.38 | 96,459.38 | |
| 5/1/2024 | 360,000.00 | 2.750% | 96,459.38 | 456,459.38 | 552,918.76 |
| 11/1/2024 | | | 91,509.38 | 91,509.38 | |
| 5/1/2025 | 375,000.00 | 3.125% | 91,509.38 | 466,509.38 | 558,018.76 |
| 11/1/2025 | | | 85,650.00 | 85,650.00 | |
| 5/1/2026 | 385,000.00 | 3.200% | 85,650.00 | 470,650.00 | 556,300.00 |
| 11/1/2026 | | | 79,490.00 | 79,490.00 | |
| 5/1/2027 | 400,000.00 | 3.300% | 79,490.00 | 479,490.00 | 558,980.00 |
| 11/1/2027 | | | 72,890.00 | 72,890.00 | |
| 5/1/2028 | 410,000.00 | 3.700% | 72,890.00 | 482,890.00 | 555,780.00 |
| 11/1/2028 | | | 65,305.00 | 65,305.00 | |
| 5/1/2029 | 425,000.00 | 3.700% | 65,305.00 | 490,305.00 | 555,610.00 |
| 11/1/2029 | | | 57,442.50 | 57,442.50 | |
| 5/1/2030 | 445,000.00 | 3.700% | 57,442.50 | 502,442.50 | 559,885.00 |
| 11/1/2030 | | | 49,210.00 | 49,210.00 | |
| 5/1/2031 | 460,000.00 | 3.700% | 49,210.00 | 509,210.00 | 558,420.00 |
| 11/1/2031 | | | 40,700.00 | 40,700.00 | |
| 5/1/2032 | 480,000.00 | 4.000% | 40,700.00 | 520,700.00 | 561,400.00 |
| 11/1/2032 | | | 31,100.00 | 31,100.00 | |
| 5/1/2033 | 495,000.00 | 4.000% | 31,100.00 | 526,100.00 | 557,200.00 |
| 11/1/2033 | | | 21,200.00 | 21,200.00 | |
| 5/1/2034 | 520,000.00 | 4.000% | 21,200.00 | 541,200.00 | 562,400.00 |
| 11/1/2034 | | | 10,800.00 | 10,800.00 | |
| 5/1/2035 | 540,000.00 | 4.000% | 10,800.00 | 550,800.00 | 561,600.00 |
| 11/1/2035 | | | | | |
| | 7,295,000.00 | | 2,725,780.08 | 10,020,780.08 | |

Live Oak No. 2
Community Development District

Supporting Budget Schedules
Fiscal Year 2018

**Comparison of Assessment Rates
Fiscal Year 2018 vs. Fiscal Year 2017**

| Product | General Fund 001 | | Debt Service | | Total Assessments per Unit | | | Total Units |
|---------|------------------|----------|--------------|------------|----------------------------|------------|----------------|-------------|
| | FY 2018 | FY 2017 | FY 2018 | FY 2017 | FY 2018 | FY 2017 | Percent Change | |
| 45' | \$332.53 | \$332.53 | \$632.86 | \$632.86 | \$965.39 | \$965.39 | 0.0% | 191 |
| 50' | \$332.53 | \$332.53 | \$717.24 | \$717.24 | \$1,049.77 | \$1,049.77 | 0.0% | 328 |
| 60' | \$332.53 | \$332.53 | \$843.81 | \$843.81 | \$1,176.34 | \$1,176.34 | 0.0% | 134 |
| 75' | \$332.53 | \$332.53 | \$1,096.95 | \$1,096.95 | \$1,429.48 | \$1,429.48 | 0.0% | 74 |
| 80' | \$332.53 | \$332.53 | \$1,181.33 | \$1,181.33 | \$1,513.86 | \$1,513.86 | 0.0% | 43 |
| | | | | | | | | 770 |