

**LIBERTY COUNTY, TEXAS
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

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FINANCIAL SECTION

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SWAIM, BRENTS & ASSOCIATES, P.C.
2804 Jefferson Drive
Liberty, Texas 77575
(936) 336-7205

INDEPENDENT AUDITOR'S REPORT

To the Honorable County Judge and Members of the Commissioners' Court
Liberty County, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Liberty County, Texas (the County), as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

The County'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, each major fund, and the aggregate remaining fund information of Liberty County, Texas, as of September 30, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Change in Fund Classifications

As discussed in Note 14 to the financial statements, beginning fund balance and net position has been restated to reflect changes in certain fund classifications from the 2016 financial statements. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison, pension plan information and other post employment benefit information on pages 3-9 and 41-47 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplementary information is 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 accompanying supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated June 28, 2018, on our consideration of the County'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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Liberty County, Texas' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Swaim, Brents & Associates, P.C.

Swaim, Brents & Associates, P.C.
Liberty, Texas
June 28, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the annual financial report of Liberty County, Texas (the County) presents our discussion and analysis of the County's financial performance during the fiscal year ended September 30, 2017. Please read it in conjunction with the County's financial statements, which follow this section.

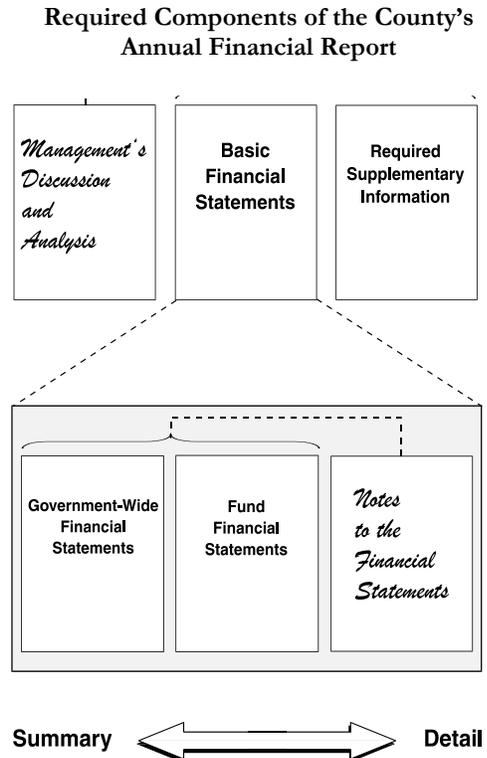
FINANCIAL HIGHLIGHTS

- The County's total combined net position was a deficit of \$1.5 million at the end of 2017. This compares with a positive net position of \$216.3 thousand at September 30, 2016. The change in net position is primarily due to the change in long-term liabilities related to pensions and other benefits.
- Revenues for 2017 were \$42.7 million compared to \$49.1 million in 2016. The decrease of \$6.4 million was attributable to changes in grant funding compared to the prior year. All other components of revenue were consistent with prior year.
- During the year ended September 30, 2017, the County's total expenses were \$44.4 million compared to \$48.4 million in 2016. The lower expenses are directly related to a reduction in community development expenses of \$5.7 million that was funded by the grants in 2016. These lower expenses were partially offset by increases in public safety expenses of \$0.8 million and general government expenses of \$0.6 million.
- The general fund reported a fund balance of \$11.3 million at September 30, 2017, a \$0.2 million decrease from September 30, 2016. Additionally, the road and bridge fund reported a fund balance of \$2.3 million, consistent with 2016.
- At September 30, 2017, unassigned fund balance in the general fund was \$11.0 million, which is approximately 36 percent of general fund expenditure levels in 2017.
- During 2017, the County's bonds payable decreased \$1.3 million as the County made scheduled payments on the debt. The bond debt outstanding at September 30, 2017 was \$11.5 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The basic financial statements of the County include (a) Management's Discussion and Analysis, (b) Government-wide Financial Statements, (c) Fund Financial Statements, (d) Notes to Financial Statements; and (e) Required Supplementary Information. The basis of presentation and the basis of accounting for the government-wide and fund financial statements is discussed below:

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the County's overall financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the government, reporting the County's operations in more detail than the government-wide statements.
- *The governmental funds* statements tell how *general government* services were financed in the *short-term* as well as what remains for future spending.
- *Proprietary fund* statements offer *short- and long-term* financial information about the activities in the government that operates *like businesses*.
- *Fiduciary fund* statements provide information about the financial relationships in which the County acts solely as a *trustee or agent* for the benefit of others, to whom the resources in question belong.



The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements.

Major Features of the County's Government-wide and Fund Financial Statements

Type of Statements	Fund Statements			
	Government-wide	Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire County's government (except fiduciary funds) and the County's component unit	The activities of the County that are not proprietary or fiduciary	Activities the County operates similar to private businesses & self insurance	Instances in which the County is the trustee or agent for someone else's resources
Required financial statements	♦ Statement of net position	♦ Balance sheet	♦ Statement of net position	♦ Statement of fiduciary net position – agency funds
	♦ Statement of activities	♦ Statement of revenues, expenditures & changes in fund balances	♦ Statement of revenues, expenses and changes in fund net position ♦ Statement of cash flows	
Accounting basis and measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; the Agency's funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	

Government-wide Statements

The government-wide statements report information about the County as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the County's net position and how they have changed. Net position—the difference between the County's assets, liabilities and deferred inflows and outflows of resources—is one way to measure the County's financial health or *position*.

- Over time, increases or decreases in the County's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the County, one needs to consider additional nonfinancial factors such as changes in the County's tax base.

The government-wide financial statements of the County consist of *Governmental activities*. All of the County's basic services are included here, such as general government, public safety, public transportation, judicial, legal, health and welfare, financial, and interest on long-term debt. Property taxes, other taxes, and intergovernmental revenues finance most of these activities. The County's internal service fund, the employee health trust fund, is also included in these statements.

Fund Financial Statements

The fund financial statements provide more detailed information about the County's most significant *funds*—not the County as a whole. Funds are accounting devices that the County uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law and by bond covenants.

- The County Commissioners establish other funds to control and manage money for particular purposes or to show that it is properly using certain taxes, grants and fees.

The County has the following types of funds:

- *Governmental Funds*—Most of the County’s basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the County’s programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information to the right of the governmental funds statement, that explain the relationship (or differences) between them. The County’s governmental funds include the general fund, a capital projects fund, a debt service fund and 38 special revenue funds. The road and bridge fund is the only major special revenue fund.
- *Proprietary Funds*—The County has an internal service fund included in this category. Proprietary funds, like the government-wide statements, provide both long-term and short-term financial information.
- *Fiduciary Funds*—The County has six funds that are agency funds. Because these are held in a trustee or agency capacity, the agency funds are not included in the Government-wide financial statements of the County.

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

Net position. The County’s combined net position was a deficit of \$1.5 million at September 30, 2017, compared to a positive net position of \$216.3 thousand at September 30, 2016. (See Table A-1).

Table A-1
County’s Net Position
(In thousands of dollars)

	Governmental Activities	Total Percentage Change	
	2017	2016	
	2017	2016	
Assets:			
Cash	\$21,112.8	\$20,768.5	1.7%
Taxes Receivable, Net	2,902.6	2,663.5	9.0%
Due from Other Governments	1,141.6	2,105.2	-45.8%
Other Receivables	0.2	-	100.0%
Due from Others	206.5	285.9	622.3%
Prepaid Items	223.7	214.5	4.3%
Other Assets	156.3	188.4	-17.0%
Capital Assets, Net	20,541.4	21,234.0	-3.3%
Total Assets	46,285.1	47,460.0	-2.5%
Deferred Outflows of Resources	6,675.8	7,624.5	-12.4%
Liabilities:			
Accounts Payable	2,956.6	3,024.0	-2.2%
Due to Other Governments	58.6	156.5	-62.6%
Due to Others	34.9	679.3	-94.9%
Accrued Interest Payable	100.3	115.3	-13.0%
Long-Term Liabilities:			
Due Within One Year	2,496.5	2,441.0	2.3%
Due in More Than One Year	48,209.1	47,617.3	1.2%
Total Liabilities	53,856.0	54,033.4	-0.3%
Deferred Inflows of Resources	575.8	834.8	-31.0%
Net Position:			
Net Investment in Capital Assets	7,932.4	6,917.1	14.6%
Restricted	8,583.7	8,433.2	1.8%
Unrestricted	(17,986.9)	(15,134.0)	18.9%
Total Net Position	\$(1,470.8)	\$216.3	-780.0%

As of September 30, 2017, the County's overall net position was a deficit of \$1.5 million. The County had invested \$7.9 million in capital assets, net of related debt. Approximately \$8.6 million of the County's net position is restricted for specific purposes including debt service, construction projects, community development, public safety, records management and judicial and legal purposes. The remaining unrestricted net position is a deficit of \$18.0 million.

The overall net position at September 30, 2016 was \$216.3 thousand. The components of net position included net investment in capital assets of \$6.9 million, restricted net position of \$8.4 million and an unrestricted deficit of \$15.1 million.

Changes in Net Position

The County's total revenues for 2017 were \$42.7 million compared to \$49.1 million in 2016. A significant portion, 70 percent, of the County's revenue comes from property taxes. Other revenue sources include charges for services (16 percent), sales and other taxes (8 percent), and operating and capital grants (5 percent). The total cost of all programs and services was \$44.4 million compared to \$48.4 million in 2016.

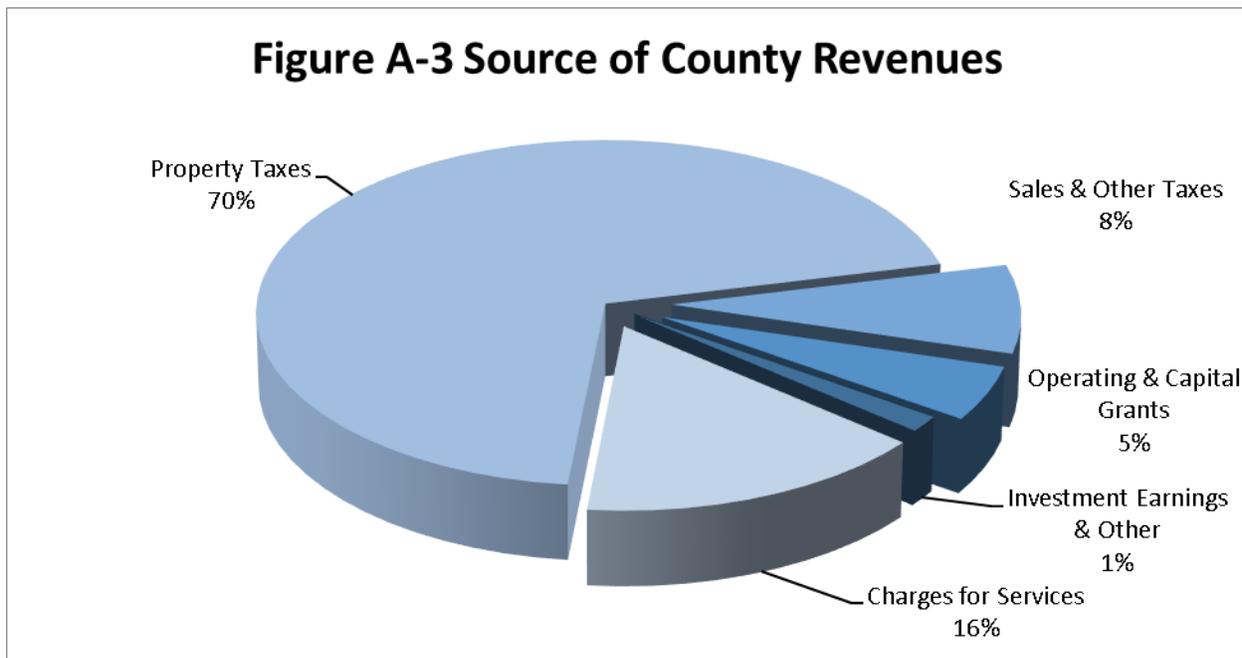


Table A-2

Changes in the County's Net Position
(In thousands of dollars)

	Governmental Activities		Total Percentage Change
	2017	2016	2017-2016
Program Revenues:			
Charges for Services	\$6,629.5	\$6,944.5	-4.5%
Operating Grants and Contributions	1,617.0	8,452.0	-80.9%
Capital Grants	551.5	-	100.0%
General Revenues:			
Property Taxes	29,737.2	29,348.9	1.3%
Sales Taxes	3,478.1	3,514.0	-1.0%
Other Taxes	62.3	55.2	12.9%
Gain/(Loss) on Sale of Assets	-	9.9	-100.0%
Investment Earnings	119.7	96.6	23.9%
Other	515.0	715.9	-28.1%
Total Revenues	42,710.3	49,137.0	-13.1%
Expenses by Functions/ Programs			
General Government	5,384.0	4,785.2	12.5%
Judicial	5,596.2	5,392.4	3.8%
Legal	2,578.8	2,328.8	10.7%
Financial	3,190.4	3,051.3	4.6%
Public Safety	15,337.2	14,540.2	5.5%
Health and Welfare	1,236.4	1,101.6	12.2%
Public Transportation	9,139.5	9,400.3	-2.8%
Community Development	174.2	5,817.2	-98.0%
Other	1,348.8	1,469.9	-8.2%
Interest and fiscal agent fees	407.6	554.6	-26.5%
Total Expenses	44,393.1	48,441.5	-8.4%
Change in Net Position	(1,682.7)	695.5	-341.9%
Net Position – Beginning	216.3	(469.4)	-146.1%
Prior Period Adjustment (1)	4.5	(9.8)	-145.9%
Net Position – Ending	\$(1,470.8)	\$216.3	-780.0%

(1) Certain funds were reclassified by type resulting in a change in net position beginning of year.

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

Revenues from governmental fund types totaled \$42.5 million, a decrease of \$6.6 million from 2016. The decrease in revenues was primarily attributable to a decrease in intergovernmental grant revenue. Expenditures for the governmental funds were lower than in prior year by \$3.7 million (0.8%). Overall functional expenditures, exclusive of grants, increased gradually. Capital expenditures in 2017 were \$2.1 million compared to \$1.5 million in 2016.

The General Fund revenues increased \$0.3 million over 2016 to \$29.9 million, primarily due to an increase in property taxes. The expenditures of the General Fund increased \$2.0 million over 2016 primarily due to a \$1.0 million increase in public safety expenditures.

The Road and Bridge Special Revenue Fund revenues decreased \$1.1 million from 2016 to \$7.7 million. The decrease was primarily due to lower intergovernmental grant revenue by \$1.0 million. Expenditures for road and bridge operations decreased \$1.0 million, corresponding to the decreased grant funding. Overall, the fund balance was consistent with 2016.

General Fund Budgetary Highlights

The County revises its budget as needed to meet the needs of the County. General fund revenues were \$0.6 million (2%) higher than budgeted primarily due to higher property tax revenues than expected. Expenditures were lower than appropriations by \$1.1 million (3%) as actual expenditures for all functions was below budgeted amounts. The general government and public safety functions had the most significant variations from budget at \$0.4 million and \$0.5 million lower than budget, respectfully.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2017, the County had invested \$68.0 million in a broad range of capital assets, including land, machinery and equipment, buildings, vehicles, infrastructure. (See Table A-4.) This amount represents a net increase (including additions and deductions) of \$2.1 million over the prior year, before consideration of depreciation.

Table A-4
County's Capital Assets
(In thousands of dollars)

	Governmental Activities		Total Percentage Change
	2017	2016	2017-2016
Land	\$2,618.8	\$2,618.8	0.0%
Buildings and Improvements	15,754.8	15,614.2	0.9%
Furniture, Machinery and Equipment	19,424.8	17,995.6	7.9%
Infrastructure	30,153.8	29,602.1	1.8%
Totals at Historical Cost	<u>67,952.1</u>	<u>65,830.7</u>	3.2%
Total Accumulated Depreciation	<u>(47,410.7)</u>	<u>(44,596.7)</u>	6.3%
Net Capital Assets	<u>\$20,541.4</u>	<u>\$21,234.0</u>	-3.3%

Long-Term Liabilities

At yearend, the County had \$13.2 million in long-term debt outstanding, as well as other long-term liabilities related to employee benefits as shown in Table A-5. More detailed information out the County's debt is presented in the notes to the financial statements.

Table A-5
County's Long-Term Liabilities
(In thousands of dollars)

	Governmental Activities		Total Percentage Change
	2017	2016	2017-2016
General Obligation Refunding Bonds	\$11,510.0	\$12,845.0	-10.4%
Issuance Premiums	287.3	313.4	-8.4%
Obligations Under Capital Leases	1,435.8	1,871.8	-23.3%
Compensated Absences	811.8	720.7	12.6%
Net Pension Liability	13,325.4	12,864.9	3.6%
Other Postemployment Benefits	23,335.4	21,442.6	8.8%
Total Long Term Liabilities	\$50,705.7	\$50,058.3	1.3%

The County's bonds are rated "AA/Stable" by Standard & Poor's Rating Services.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- Appraised value used for the 2018 budget preparation increased almost 9% over the amounts used in 2017. The combined tax rate is budgeted to remain consistent at \$0.5788 per \$100 assessed valuation. As a result, property taxes are expected to increase approximately 8% over prior year. Overall general fund revenues are expected to increase 8% over 2017 levels.
- General operating fund spending in the 2018 budget is expected to be \$33.2 million, a 6.4% increase over budgeted amounts for 2017.

These indicators were taken into account when adopting the general fund budget for 2018. The 2018 budget is expecting to use fund balance reserves from prior years of \$1.7 million. As a result fund balance in the general fund is expected to decline by \$1.7 million.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the County's finances and to demonstrate the County's accountability for the money it receives. Questions about this report or requests for additional financial information, should be directed to Dwayne Gott, CPA, County Auditor's Office, Liberty County, Texas, 1923 Sam Houston, Liberty, Texas 77575.

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BASIC FINANCIAL STATEMENTS

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LIBERTY COUNTY, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2017

	Governmental Activities
<u>ASSETS</u>	
Cash and Cash Equivalents	\$21,112,833
Taxes Receivable, Net	2,902,564
Other Receivables	223
Due from Other Governments	1,141,611
Due from Others	206,488
Prepays	223,706
Other Assets	156,309
Capital Assets, Net	20,541,386
TOTAL ASSETS	46,285,120
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Deferred Interest on Refunded Debt	624,132
Deferred Outflows Related to Pensions	6,051,704
TOTAL DEFERRED OUTFLOWS OF RESOURCES	6,675,836
<u>LIABILITIES</u>	
Accounts Payable and Accrued Liabilities	2,956,619
Due to Other Governments	58,550
Due to Others	34,893
Accrued Interest Payable	100,293
Long-term Liabilities:	
Due Within One Year	2,496,547
Due In More Than One Year	48,209,144
TOTAL LIABILITIES	53,856,046
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Revenue Received in Advance	181,675
Deferred Inflows Related to Pensions	394,079
TOTAL DEFERRED INFLOWS OF RESOURCES	575,754
<u>NET POSITION</u>	
Net Investment in Capital Assets	7,932,413
Restricted	8,583,684
Unrestricted	(17,986,891)
TOTAL NET POSITION	\$(1,470,844)

The accompanying notes are an integral part of this statement.

LIBERTY COUNTY, TEXAS
STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION
YEAR ENDED SEPTEMBER 30, 2017

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants</u>
Primary Government:				
Government Activities:				
General Government	\$5,383,958	\$1,494,517	\$551,695	-
Judicial	5,596,240	1,235,494	20,731	-
Legal	2,578,775	460,304	22,500	-
Financial	3,190,429	-	-	-
Public Safety	15,337,150	869,970	506,046	-
Health and Welfare	1,236,407	-	-	-
Public Transportation	9,139,547	1,903,959	324,358	\$551,538
Community Development	174,194	-	191,698	-
Other	1,348,774	665,246	-	-
Interest on Long-Term Debt	407,608	-	-	-
Total Governmental Activities	44,393,082	6,629,490	1,617,028	551,538
Total Primary Government	\$44,393,082	\$6,629,490	\$1,617,028	\$551,538

General Revenues
Property Taxes
Sales Tax
Other Taxes
Miscellaneous Income
Investment Income
Total General Revenues

Change in Net Position

Net Position, Beginning of Year
Prior Period Adjustment
Net Position, Beginning of Year
(Restated)

Net Position, End of Year

The accompanying notes are an integral part of this statement.

Net (Expenses)
Revenue and
Changes in Net
Position

Governmental
Activities

\$(3,337,746)
(4,340,015)
(2,095,971)
(3,190,429)
(13,961,134)
(1,236,407)
(6,359,692)
17,504
(683,528)
(407,608)

(35,595,026)

29,737,172
3,478,144
62,291
515,005
119,727

33,912,339

(1,682,687)

216,343
(4,500)

211,843

\$(1,470,844)

LIBERTY COUNTY, TEXAS
BALANCE SHEET – GOVERNMENTAL FUNDS
SEPTEMBER 30, 2017

	<u>General Fund</u>	<u>Road and Bridge</u>	<u>Capital Projects</u>
<u>ASSETS</u>			
Cash and Cash Equivalents	\$8,597,903	\$3,083,955	\$3,741,347
Taxes Receivable, Net	2,158,470	564,319	-
Other Receivables	-	-	-
Due from Other Governments	762,374	199,661	-
Due from Others	55,328	-	23,809
Due from Other Funds	2,642,973	-	-
Prepaid Items	223,706	-	-
Other Assets	156,309	-	-
TOTAL ASSETS	14,597,063	3,847,935	3,765,156
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
	-	-	-
TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES	\$14,597,063	\$3,847,935	\$3,765,156
<u>LIABILITIES</u>			
Accounts Payable and Accrued Liabilities	\$1,292,849	\$866,716	-
Due to Other Governments	58,550	-	-
Due to Others	14,266	-	-
Due to Other Funds	-	-	-
TOTAL LIABILITIES	1,365,665	866,716	-
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Unavailable Revenue – Property Taxes	1,933,274	507,048	-
Revenue Received in Advance	13,307	168,368	-
TOTAL DEFERRED INFLOWS OF RESOURCES	1,946,581	675,416	-
<u>FUND BALANCES</u>			
Unspendable – Prepaid Items	223,706	-	-
Restricted Fund Balances:			
Debt Service	-	-	-
Capital Projects	-	-	\$3,765,156
Special Revenue Funds	-	-	-
Committed Fund Balance	-	2,305,803	-
Unassigned	11,061,111	-	-
TOTAL FUND BALANCES	11,284,817	2,305,803	3,765,156
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$14,597,063	\$3,847,935	\$3,765,156

The accompanying notes are an integral part of this statement.

Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
\$373,995	\$4,567,196	\$20,364,396
179,775	-	2,902,564
-	223	223
-	179,576	1,141,611
-	123,780	202,917
-	15,122	2,658,095
-	-	223,706
-	-	156,309
<u>553,770</u>	<u>4,885,897</u>	<u>27,649,821</u>
-	-	-
<u>\$553,770</u>	<u>\$4,885,897</u>	<u>\$27,649,821</u>
-	\$276,548	\$2,436,113
-	-	58,550
-	20,627	34,893
-	162,678	162,678
-	459,853	2,692,234
\$161,336	-	2,601,658
-	-	181,675
<u>161,336</u>	<u>-</u>	<u>2,783,333</u>
-	-	223,706
392,434	-	392,434
-	-	3,765,156
-	4,426,044	4,426,044
-	-	2,305,803
-	-	11,061,111
<u>392,434</u>	<u>4,426,044</u>	<u>22,174,254</u>
<u>\$553,770</u>	<u>\$4,885,897</u>	<u>\$27,649,821</u>

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LIBERTY COUNTY, TEXAS
RECONCILIATION OF TOTAL GOVERNMENTAL FUND
BALANCES TO NET POSITION OF GOVERNMENTAL ACTIVITIES
SEPTEMBER 30, 2017

TOTAL GOVERNMENTAL FUND BALANCES	\$22,174,254
Amounts reported for governmental activities in the Statement of Net Position (SNP) are different because:	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds.	20,541,386
The internal service fund is used to charge the costs of self-insurance activities to the appropriate function in the other funds. The assets and liabilities of the internal service fund is included in governmental activities in the SNP.	(2,263,915)
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	2,601,658
Payables for debt principal which are not due in the current period are not reported in the funds.	(12,945,823)
Payables for debt interest which are not due in the current period are not reported in the funds.	(100,293)
The premium paid for bond issuance is income in the funds when incurred but are deferred and amortized in the SNP.	(287,282)
The liability for net pension obligation is not due in the current period and is not reported in the funds.	(13,325,358)
The liability for OPEB is not due in the current period and is not reported in the funds.	(23,335,389)
The liability for compensated absences is not due in the current period and is not reported in the funds.	(811,839)
Pension related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore are not reported in the funds, as follows:	
Deferred outflows of resources	6,051,704
Deferred inflows of resources	(394,079)
Interest on advance refunding of debt is expensed in the funds but deferred and amortized in the SNP.	<u>624,132</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$(1,470,844)</u></u>

The accompanying notes are an integral part of this statement.

LIBERTY COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2017

	<u>General Fund</u>	<u>Road and Bridge</u>	<u>Capital Projects</u>
REVENUES:			
Ad Valorem Taxes	\$22,249,548	\$5,595,899	-
Sales Tax	3,478,144	-	-
Other Taxes	62,291	-	-
Licenses and Permits	665,246	-	-
Fees, Fines & Forfeitures	2,477,747	1,556,509	-
Charges for Services	78,147	-	-
Intergovernmental Revenue	551,695	297,705	-
Investment Income	85,045	-	\$26,097
Other Revenues	269,745	239,531	-
TOTAL REVENUES	29,917,608	7,689,644	26,097
EXPENDITURES:			
General Government	4,426,722	-	1,104
Judicial	4,902,412	-	-
Legal	2,139,033	-	-
Financial	2,959,273	-	-
Public Safety	13,235,879	-	-
Health and Welfare	1,202,636	-	-
Public Transportation	-	6,497,249	-
Other	800,941	468,815	-
Capital Expenditures	429,109	527,063	140,662
Debt Service: Principal	194,776	323,261	-
Interest & Fees	41,690	19,145	-
TOTAL EXPENDITURES	30,332,471	7,835,533	141,766
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	(414,863)	(145,889)	(115,669)
OTHER FINANCING SOURCES (USES):			
Operating Transfers In	160,218	300,015	-
Operating Transfers Out	-	(150,460)	-
Capital Lease Issuance	69,557	6,301	-
TOTAL OTHER FINANCING SOURCES (USES)	229,775	155,856	-
Net Change In Fund Balances	(185,088)	9,967	(115,669)
Fund Balances, Beginning of Year	11,469,905	2,295,836	3,880,825
Fund Balances, End of Year	\$11,284,817	\$2,305,803	\$3,765,156

The accompanying notes are an integral part of this statement.

LIBERTY COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2017

Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
\$1,692,554	-	\$29,538,001
-	-	3,478,144
-	-	62,291
-	-	665,246
-	\$1,796,403	5,830,659
-	55,438	133,585
-	1,319,166	2,168,566
3,935	3,065	118,142
-	5,729	515,005
1,696,489	3,179,801	42,509,639
-	111,017	4,538,843
-	186,871	5,089,283
-	182,893	2,321,926
-	-	2,959,273
-	744,774	13,980,653
-	-	1,202,636
-	249,635	6,746,884
-	174,194	1,443,950
-	1,024,551	2,121,385
1,335,000	-	1,853,037
298,767	-	359,602
1,633,767	2,673,935	42,617,472
62,722	505,866	(107,833)
-	28,922	489,155
-	(338,695)	(489,155)
-	6,206	82,064
-	(303,567)	82,064
62,722	202,299	(25,769)
329,712	4,223,745	22,200,023
\$392,434	\$4,426,044	\$22,174,254

The accompanying notes are an integral part of this statement.

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LIBERTY COUNTY, TEXAS

**RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

NET CHANGES IN FUND BALANCES – TOTAL GOVERNMENTAL FUNDS	\$(25,769)
Amounts reported for governmental activities in the Statement of Activities (SOA) are different because:	
The internal service fund is used to charge the costs of self-insurance activities to the appropriate functions in the other funds. The net revenue (expense) of the internal service fund is included in the governmental activities in the SOA.	220,517
Capital outlays are not reported as expenses in the SOA.	2,121,385
The depreciation of capital assets used in the governmental activities are not reported in the funds.	(2,814,039)
Interest paid for advance refunding of bonds is expensed in the funds but is deferred and amortized in the SNP. This is the change in amounts this year.	(89,162)
Premium received with bond issuance is revenue in the funds, but is deferred and amortized in the SNP. This is the change in these amounts this year.	26,116
Certain property taxes are deferred inflows in the funds. This is the change in these amounts this year.	199,171
Interest is not expensed until paid in the funds but is expensed when incurred in the SOA. This is the change in these amounts this year.	15,040
Payables for compensated absences which were not due in the current period are not reported in the funds. This is the change in these amounts this year.	(91,180)
Proceeds from issuance of debt is a current financial resource in the funds but not in the SOA.	(82,064)
Repayment of debt principal is an expenditure in the funds but is not an expense in the SOA.	1,853,037
Change in the OPEB liability is not reported as expenses in the funds.	(1,892,832)
Change in net pension obligation and deferred outflows and inflows related to pensions are not reported as expenses in the funds.	<u>(1,122,907)</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$(1,682,687)</u>

The accompanying notes are an integral part of this statement.

LIBERTY COUNTY, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUND
SEPTEMBER 30, 2017

	Governmental Activities
	<u>Internal Service Fund</u>
<u>ASSETS</u>	
Cash and Cash Equivalents	\$748,437
Due from Others	3,571
TOTAL ASSETS	<u>752,008</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	<u>-</u>
<u>LIABILITIES</u>	
Accounts Payable	520,506
Due to Other Funds	2,495,417
TOTAL LIABILITIES	<u>3,015,923</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>	<u>-</u>
<u>NET POSITION</u>	
Unrestricted (Deficit)	<u>(2,263,915)</u>
TOTAL NET POSITION	<u><u>\$(2,263,915)</u></u>

The accompanying notes are an integral part of this statement.

LIBERTY COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN NET POSITION - PROPRIETARY FUND
YEAR ENDED SEPTEMBER 30, 2017

	Governmental Activities
	Internal Service Fund
<u>OPERATING REVENUES:</u>	
County and Employee Contributions	\$5,929,087
TOTAL OPERATING REVENUES	<u>5,929,087</u>
<u>OPERATING EXPENSES:</u>	
Claims, Premiums and Administrative Costs	5,710,155
TOTAL OPERATING EXPENSES	<u>5,710,155</u>
NET OPERATING INCOME (LOSS)	218,932
<u>NONOPERATING REVENUES (EXPENSES):</u>	
Investment Income	1,585
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>1,585</u>
INCOME (LOSS) BEFORE TRANSFERS	220,517
Operating Transfers In	-
Operating Transfers Out	<u>-</u>
CHANGES IN NET POSITION	220,517
NET POSITION, BEGINNING OF YEAR	<u>(2,484,432)</u>
NET POSITION, END OF YEAR	<u><u>\$(2,263,915)</u></u>

The accompanying notes are an integral part of this statement.

LIBERTY COUNTY, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED SEPTEMBER 30, 2017

	<u>Governmental Activities</u>
	<u>Internal Service Fund</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>	
Cash Received from County and Employee Contributions	\$6,016,058
Cash Paid for Claims, Premiums, and Administrative Costs	<u>(5,533,567)</u>
NET CASH PROVIDED (USED) FOR OPERATING ACTIVITIES	<u>482,491</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>	
Interest on Cash and Investments	<u>1,585</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>1,585</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	484,076
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>264,361</u>
<u>CASH AND CASH EQUIVALENTS, END OF YEAR</u>	<u>\$748,437</u>

Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) for Operating Activities:

Operating Income (Loss)	\$218,932
Adjustments to Reconcile Net Income (Loss) to Net Cash Provided (Used) for Operating Activities -	
(Increase) Decrease in:	
Due from Others	54,352
Increase (Decrease) in:	
Accounts Payable	176,588
Due to Other Funds	<u>32,619</u>
NET CASH PROVIDED (USED) FOR OPERATING ACTIVITIES	<u>\$482,491</u>

The accompanying notes are an integral part of this statement.

LIBERTY COUNTY, TEXAS
STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS
YEAR ENDED SEPTEMBER 30, 2017

ASSETS

Cash & Cash Equivalents	\$8,296,502
Due from Others	186,748
TOTAL ASSETS	<u>\$8,483,250</u>

LIABILITIES

Accounts Payable and Accrued Liabilities	\$12,921
Due to Other Governments	175,719
Due to Others	8,294,610
TOTAL LIABILITIES	<u>\$8,483,250</u>

The accompanying notes are an integral part of this statement.

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LIBERTY COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity –

Liberty County, Texas, is an independent government entity created in 1836 by an act of the Texas Legislature. The County is governed by Commissioners' Court, composed of four County Commissioners and the county Judge, all of which are elected officials.

The County's financial statement include the accounts of all County operations. The major operations include general government, judicial, legal, financial, public safety, health and welfare and public transportation services.

The basic financial statements of the County have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

For financial reporting purposes, the County includes all entities, organizations or functions that are controlled by or dependent on the County. Control or dependence is determined on the basis of control of the governing board, budget adoption, taxing authority, and responsibility for debts or deficits.

The accompanying financial statements include those of the Liberty County, Texas (the primary government) and its component unit. The Liberty County Juvenile Probation Department, an entity legally separate from the County, is so closely related to the County that it is considered an extension of the County. Therefore, the entity is reported as if it were part of the County's operations, and is included in the financial reporting entity as a blended component unit. Its financial activity is reported as a special revenue fund in the accompanying financial statements. The financial statements of the entity are separately audited as of their fiscal year end (August 31) to meet the reporting requirements of their major funding source (the State of Texas). Audited financial statements can be obtained by contacting the Liberty County Auditor, 1923 Sam Houston, Liberty, Texas 77575. There are no other entities that should be included in the County's reporting entity because of significant operational or financial relationships to the County.

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

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

Government-Wide Statements: The Statement of Net Position and the Statement of Activities include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed through user charges.

The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Therefore, governmental fund financial statements include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the County's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The County does not allocate indirect expenses in the statement of activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self financing or draws from the general revenues of the County.

LIBERTY COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Financial Statements: Fund financial statements report detailed information about the County. Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds. The focus of governmental and proprietary fund financial statements is on the major funds rather than reporting funds by type. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements.

Governmental Fund Types: All governmental funds are reported using modified accrual basis of accounting and the current financial resources measurement focus. Under this basis, revenues are recognized in the accounting period in which they become measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Property taxes receivable, though measurable, are not available soon enough in the subsequent year to finance current period obligations. Therefore, property taxes are recorded and deferred until they become available. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Most expenditures are measurable and are recorded when the related fund liability is incurred. However, principal and interest on general long-term debt, which has not matured, are recognized only when payment is due. General capital assets acquisitions are reported as expenditures in governmental funds. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds. The funds included in this category are as follows:

General Fund – This fund is the general operating fund of the County and is used to account for resources and functions traditionally associated with governments that are not required to be accounted for in another fund.

Special Revenue Funds – These funds are established to account for the proceeds of specific revenue sources other than assessments, expendable trusts, or major capital projects that are legally restricted to expenditures for specified purposes. The Road & Bridge Fund is a major special revenue fund. It is used to account for revenues of property taxes levied and vehicle registration fees for the road & bridge activities. Uses of funds are restricted for the maintenance of roads, bridges and the operations of related facilities. All precinct operations as well as permanent road monies are accounted for in this fund. All other special revenue funds are nonmajor for the current fiscal year.

Debt Service Fund – This fund is used to account for the accumulation of resources for, and the payment of, all general obligation indebtedness. The Debt Service Fund of the County is reflected as a major fund for financial reporting purposes.

Capital Projects Funds – These funds are used to account for all major capital expenditures not financed by the proprietary or trust funds. The County has a Capital Projects Fund (major fund) that includes remaining unspent funds from a debt issuance that is restricted for the acquisition or construction of capital facilities and other capital assets.

Proprietary Fund Types: All proprietary funds are accounted for using the accrual basis of accounting and the economic resources measurement focus. These funds account for operations that are primarily financed by user charges. Revenues are recognized when earned and expenses are recognized when incurred.

The County has an internal service fund included in this category. The Internal Service Fund accounts for revenues and expenses related to the County's medical and dental self-insurance program in accordance with Chapter 172 of the Texas Government code. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. Revenues are derived from county contributions, employee and retiree COBRA premiums and investment of idle funds. Expenses are for claims, premiums, and administrative costs. The general fund is contingently liable for liabilities of the internal service fund. Sub-fund accounting is employed to maintain the integrity of the self-insurance activities of the County.

LIBERTY COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fiduciary Fund Types: Fiduciary fund statements are prepared using the economic resources measurement focus and the full accrual basis of accounting. The agency funds report resources held by the County in a custodial capacity for individuals, organizations, and other units of governments.

C. Use of Estimates –

The preparation of financial statements in conformity with generally accepted accounting principles, as applicable to governmental entities, requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

D. Budgets and Budgetary Accounting –

Prior to September 30, of each year, the County adopts a budget for the fiscal year beginning October 1, of that year. The budget, which includes anticipated revenues and expenditures, is adopted for the General Fund and most special revenue funds. The legal level of control is the department level for all funds. Management may not amend the budget without the approval of Commissioners' Court. The budget is amended by the Commissioners' Court as needed throughout the year.

E. Interfund Transactions and Balances –

Interfund transactions intended to reflect the transfer of resources between funds are reflected as transfers. Certain transactions representing short-term liabilities between funds are recorded as receivables and payables in the respective funds at the time the transactions are reported on the fund basis statements. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements.

F. Cash and Cash Equivalents –

The County's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Cash deposits and certificates of deposit are reported at their carrying amount, which reasonably estimates fair value.

G. Accounts Receivable –

All receivables are shown net of any allowance for uncollectible amounts.

H. Inventories –

The County does not maintain significant inventories of materials and supplies in the governmental fund types. The costs of inventories are recorded as expenditures when the related liability is incurred, (i.e., the purchase method). The inventories are valued at the lower of cost or market using the first-in/first-out method.

I. Prepaid Items –

Certain payments to vendors reflect costs applicable to future accounting period (prepaid expenditures) are recognized as expenditures when utilized.

J. Capital Assets and Depreciation –

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. General capital assets are long-lived assets of the County as a whole. When purchased, such assets are recorded as expenditures in the governmental funds and capitalized. Infrastructure such as streets, traffic signals and signs are capitalized. The valuation basis for general capital assets is historical cost, or where historical cost is not available, estimated historical cost based on replacement cost. Donated capital assets are capitalized at estimated fair market value on the date donated. The minimum capitalization threshold is any individual item with a total cost greater than \$5,000, and an estimated useful life in excess of one year.

LIBERTY COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In the case of the initial capitalization of general infrastructure assets, the County chose to include all such items regardless of their acquisition date or amount. The County was able to estimate the historical cost for the initial reporting of these assets through back trending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). As the County constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life.

Land and construction in progress are not depreciated. Other capital assets are being depreciated using the straight-line method and depreciation expense for governmental assets is specifically identified by function. The following estimated useful lives are used for calculating depreciation expense:

	<u>Depreciable Life</u>
Infrastructure	40-50
Building & improvements	30
Vehicles	5-8
Machinery & equipment	5-10
Furniture and fixtures	3-10

K. Deferred Outflows/Inflows of Resources –

In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an addition to net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

L. Long-term Obligations –

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts are amortized over the life of the bonds.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements until due. The face amount of debt issued is reported as another financing source. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. 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.

Assets acquired under the terms of capital leases are recorded as liabilities and capitalized in the government-wide financial statements at the present value of net minimum lease payments at inception of the lease. In the year of acquisition, capital lease transactions are recorded as other financing sources and as capital outlay expenditures in the fund financial statements. Lease payments representing both principal and interest are recorded as expenditures in the fund upon payment. Principal payments reduce long-term obligations in the government-wide financial statements.

LIBERTY COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Fund Balances –

In the fund financial statements, governmental fund balances are classified as nonspendable, restricted, committed, assigned, or unassigned. Nonspendable fund balance cannot be spent because of its form. Restricted fund balance has limitations imposed by creditors, grantors, or contributors or by enabling legislation or constitutional provisions. Committed fund balance is a limitation imposed by the County Commissioners' Court through approval of resolutions. Assigned fund balances is a limitation imposed by a designee of the County Commissioners' Court. Unassigned fund balance in the General Fund is the net resources in excess of what can be properly classified in one of the above four categories. Negative unassigned fund balance in any other governmental funds represents excess expenditures incurred over the amounts restricted, committed, or assigned to those purposes.

When both restricted and unrestricted fund balances are available for use, it is the County's policy to use restricted fund balance first, then unrestricted fund balance. Furthermore, committed fund balances are reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications can be used.

For the government-wide financial statements, net position are reported as restricted when constraints placed on net position are either: (1) Externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments or (2) imposed by law through constitutional provisions or enabling legislation.

N. Net Position –

Net positions represent the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources on the government-wide financial statements. Net positions are classified in the following categories:

Net investment in capital assets – This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that is attributed to the acquisition, construction, or improvement of the assets.

Restricted net position – This amount is restricted by creditors, grantors, contributors, or laws or regulations of other governments.

Unrestricted net position – This amount is the net position that does not meet the definition of "net investment in capital assets" or "restricted net position".

O. Property Taxes –

Property taxes attach as an enforceable lien on real property and are levied as of October 1 of each year. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On February 1, a tax lien attached to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Uncollected amount at yearend are reported as deferred revenue. Delinquent property taxes collected within 60 days subsequent to yearend are recognized as revenue and the remainder is deferred.

P. 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 County and District Retirement System (TCDRS) and additions to/deductions from TCDRS's Fiduciary Net Position have been determined on the same basis as they are reported by TCDRS. 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.

LIBERTY COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 2 – COMPLIANCE AND ACCOUNTABILITY

B. Finance-Related Legal and Contractual Provisions –

In accordance with GASB Statement No. 38, "Certain Financial Statement Note Disclosures," violations of finance-related legal and contractual provisions, if any, are reported below, along with actions taken to address such violations:

<u>Violation</u>	<u>Action Taken</u>
None Reported	Not applicable

C. Deficit Fund Balance or Fund Net Assets of Individual Funds –

Following are funds having deficit fund balances or fund net assets at year-end, if any, along with remarks that address such deficits:

<u>Fund Name</u>	<u>Deficit Amount</u>	
Internal Service Fund	\$(2,263,915)	The Internal Service Fund accounts for health insurance benefits and has an interfund payable to the General Fund. See Note 5.

NOTE 3 – CASH DEPOSITS AND INVESTMENTS

The County's funds are required to be deposited and invested under the terms of a depository contract. The County's funds on deposit at the depository bank are required to be collateralized by securities and FDIC insurance. The depository bank deposits for safekeeping and trust approved pledged securities in an amount sufficient to protect County funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance.

D. Cash Deposits –

The County's cash deposits at September 30, 2017, and during the year ended September 30, 2017, were entirely covered by FDIC insurance or by pledged collateral held by the County's agent bank in the County's name.

E. Investments –

The County is required by Government Code Chapter 2256, the Public Funds Investment Act, to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit.

The Public Funds Investment Act (Act) requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the basic financial statements disclosed that in the areas of investment practices, management reports and establishment of appropriate policies, the County adhered to the requirements of the Act. Additionally, investment practices of the County were in accordance with local policies.

The Act determines the types of investments that are allowable for the County. These include, with certain restrictions, (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas, (2) certificates of deposit, (3) certain municipal securities, (4) securities lending program, (5) repurchase agreements, (6) bankers acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, (10) and commercial paper.

LIBERTY COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 3 – CASH DEPOSITS AND INVESTMENTS (CONTINUED)

C. Analysis of Specific Deposit and Investment Risks –

GASB Statement No. 40 requires a determination as to whether the County was exposed to the following specific investment risks at year-end and if so, the reporting of certain related disclosures:

1. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk.

2. Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the County's name.

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the County's name.

At year-end, the County was not exposed to custodial credit risk.

3. Concentration of Credit Risk

This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year-end, the County was not exposed to concentration of credit risk.

4. Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. At year-end, the County was not exposed to interest rate risk.

5. Foreign Currency Risk

This is the risk that exchange rates will adversely affect the fair value of an investment. At year-end, the County was not exposed to foreign currency risk.

NOTE 4 – PROPERTY TAXES

Taxable property within the County is subject to assessment, levy and collection of ad valorem taxes necessary to provide for the payment of general obligation indebtedness, and to support the general governmental services provided. The total tax rate for the fiscal year ended September 30, 2017, was \$0.5788 per \$100 assessed valuation based on the total net assessed value of \$5,172,063,713. This includes a debt service rate of \$0.0326 per \$100 assessed valuation and a maintenance and operations rate of \$0.5462 per \$100 assessed valuation. The maintenance and operations rate includes \$0.1100 for road and bridge maintenance and operations.

Taxes are levied on October 1 of each year, and are payable without penalty or interest through the following January 31. The County recognizes property tax revenue when levied to the extent that it results in current receivables.

Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectible taxes receivable of \$6,477,735 at September 30, 2017, are based on historical experience in collecting property taxes.

LIBERTY COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 5 – DUE TO/FROM OTHER FUNDS

As of September 30, 2017, interfund receivables and payables consisted of the following:

<u>Due to Fund</u>	<u>Due from Fund</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Internal Service Fund	\$2,495,417	Short-term loan
General Fund	Other Special Revenue Funds	147,556	Short-term loans primarily in anticipation of grant funding
Other Special Revenue Funds	Other Special Revenue Funds	15,122	Short-term loan
		<u>\$2,658,095</u>	

NOTE 6 – TRANSFERS BETWEEN FUNDS

Transfers between funds during 2017 consisted of the following:

<u>Operating Transfers In</u>	<u>Operating Transfers Out</u>	<u>Amount</u>
General Fund	Child Crimes Special Investigator	\$5,258
General Fund	Road and Bridge Fund	150,460
General Fund	District Attorney Forfeiture Fund	4,500
Road and Bridge Fund	Land Acquisition Fund	300,015
Victims Assistance Coordinator	District Attorney Forfeiture Fund	11,800
Adult Gang Investigator	District Attorney Forfeiture Fund	15,122
Constable Forfeitures Fund	District Attorney Forfeiture Fund	2,000
		<u>\$489,155</u>

LIBERTY COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 7 – PROPERTY, PLANT AND EQUIPMENT

Capital asset activity for the year ended September 30, 2017, was as follows:

	Beginning Balances	Increases	Decreases & Transfers	Ending Balances
<i>Governmental Activities:</i>				
<i>Capital Assets Not Being Depreciated:</i>				
Land	\$2,618,764	-	-	\$2,618,764
Total Capital Assets Not Being Depreciated	<u>2,618,764</u>	<u>-</u>	<u>-</u>	<u>2,618,764</u>
<i>Capital Assets Being Depreciated:</i>				
Buildings and Improvements	15,614,155	\$140,662	-	15,754,817
Infrastructure	29,602,221	551,538	-	30,153,759
Furniture, Machinery and Equipment	17,995,611	1,429,185	-	19,424,796
Total Capital Assets Being Depreciated	<u>63,211,987</u>	<u>2,121,385</u>	<u>-</u>	<u>65,333,372</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	12,520,029	381,343	-	12,901,372
Infrastructure	18,307,559	1,263,944	-	19,571,503
Furniture, Machinery and Equipment	13,769,123	1,168,752	-	14,937,875
Total Accumulated Depreciation	<u>44,596,711</u>	<u>2,814,039</u>	<u>-</u>	<u>47,410,750</u>
Total Capital Assets Being Depreciated, Net	<u>18,615,276</u>	<u>(692,654)</u>	<u>-</u>	<u>17,922,622</u>
Governmental Activities Capital Assets, Net	<u>\$21,234,040</u>	<u>\$(692,654)</u>	<u>-</u>	<u>\$20,541,386</u>

Depreciation was charged to governmental functions as follows:

<i>Governmental Activities:</i>	
General Government	\$412,373
Judicial	106,534
Financial	9,477
Public Safety	387,337
Public Transportation	<u>1,898,318</u>
Total Depreciation Expense	<u>\$2,814,039</u>

LIBERTY COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 8 – LONG-TERM LIABILITIES

Long-term liability activity for the year ended September 30, 2017 was as follows:

	Rate	Beginning Balance	Increases	Decreases	Ending Balance	Amount Due in One Year
<u>Governmental Activities:</u>						
Bonds:						
General Obligation Refunding Bonds, Series 2010A (Maturing 8/1/2028)	2.0-4.0%	\$3,420,000	-	\$(225,000)	\$3,195,000	\$235,000
General Obligation Refunding Bonds, Series 2012 (Maturing 8/1/2024)	1.71%	9,425,000	-	(1,110,000)	8,315,000	1,125,000
Bond Premium		313,398	-	(26,116)	287,282	-
Total Bonds Payable		13,158,398	-	(1,361,116)	11,797,282	1,360,000
Capital Lease Obligations		1,871,796	\$82,064	(518,037)	1,435,823	324,708
Other Liabilities:						
Compensated Absences		720,659	502,041	(410,861)	811,839	811,839
Net Pension Liability		12,864,900	460,458	-	13,325,358	-
Other Postemployment Benefits		21,442,557	1,892,832	-	23,335,389	-
Total Governmental Activities		\$50,058,310	\$2,937,395	\$(2,290,014)	\$50,705,691	\$2,496,547

Bonds and Certificates of Obligation

General obligation bonds and certificates are serviced by the debt service fund funded by tax levy. Principal and interest requirements to retire the County's general long-term bonds are as follows as of September 30, 2017:

Fiscal Year	General Obligation Bonds		Total Debt Service
	Principal	Interest	
2018	\$1,360,000	\$269,987	\$1,629,987
2019	1,390,000	241,349	1,631,349
2020	1,420,000	211,970	1,631,970
2021	1,455,000	181,848	1,636,848
2022	1,490,000	150,899	1,640,899
2023-2027	4,040,000	326,583	4,366,583
2028	355,000	14,200	369,200
Total	\$11,510,000	\$1,396,836	\$12,906,836

The County has general obligation refunding bonds remaining outstanding at September 30, 2017. The bonds were originally issued in 2010 and in 2012 to retire other issuances of debt with higher interest rates.

LIBERTY COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 8 – LONG TERM LIABILITIES (CONTINUED)

Governmental Activities Capital Leases

Property held under capital leases at September 30, 2017 totaled \$2,357,856. Future minimum lease payments for capital leases as of September 30, 2017, are as follows:

<u>Year Ending September 30,</u>	
2018	\$371,296
2019	332,368
2020	326,359
2021	281,198
2022	<u>267,812</u>
Total	1,579,033
Amount Representing Interest	<u>(143,210)</u>
Total	<u><u>\$1,435,823</u></u>

Compensated Absences

County employees are entitled to certain compensated absences based on the length of their employment. Compensatory time may be carried from one year to the next year. Employees will be paid for unused compensatory time upon separation of employment. Employees' compensatory leave is earned one hour for each hour worked in excess of 40 hours in a single work week. Compensatory time may not exceed 80 hours for exempt employees. Non-exempt employees can earn up to 240 hours for regular employees and up to 480 hours for law enforcement commissioned employees. Compensation for vacation time may be carried from one year to the next year. Employees will be paid for unused vacation time up to 120 hours upon separation of employment. Unused accrued vacation in excess of these days will not be reimbursed. Accrued compensated absences at September 30, 2017, were \$811,839.

NOTE 9 – PENSION PLAN

Plan Description

The County provides retirement benefits for all of its full-time employees through a nontraditional defined benefit pension plan (Plan) in the statewide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple employer public employee retirement system consisting of separate nontraditional defined benefit pension plans. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available upon written request from the TCDRS Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2034 or can be obtained at www.tcdrs.org.

Benefits Provided

The plan provisions are adopted by the governing body of the employer, within the options available in the Texas state statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with 8 or more years of service, with 30 years of service regardless of age, or when the sum of their age and years of service equals 75 or more. Members are vested after 8 years of service but must leave their accumulated deposits in the plan to receive any employer-financed benefit. Members who withdraw their personal deposits in a lump sum are not entitled to any amounts contributed by their employer.

Benefit amounts are determined by the sum of the employee's contributions to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the governing body of the employer within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be

LIBERTY COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 9 – PENSION PLAN (CONTINUED)

adequately financed by the employer’s commitment to contribute. At retirement, death, or disability, the benefit is accumulated by converting the sum of the employee’s accumulated deposits and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

At December 31, 2016, the latest available valuation and measurement date, the following employees were covered by the plan:

Active employees	368
Inactive employees or beneficiaries currently receiving benefits	258
Inactive employees entitled to but not yet receiving benefits	<u>221</u>
	<u>847</u>

Contributions

The County has elected the annually determined contribution rate (ADCR) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually. The County contributed using the actuarially determined rate of 17.08% and 16.92% for the months of the accounting years in 2017 and 2016, respectively. The contribution rate payable by the employee members for 2017 and 2016 is the rate of 7% as adopted by the governing body of the employer. All eligible employees of the District are required to participate in TCDRS.

Net Pension Liability

The District’s Net Pension Liability (NPL) was measured as of December 31, 2016, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

Real rate of return	5.0 percent
Inflation	3.0 percent
Investment rate of return	8.0 percent, net of Plan investment expense

The annual salary increase rates assumed for individual members vary by length of service and by entry-age group. The annual rates consist of a general wage inflation component of 3.5% (made up of 3.0% inflation and 0.5% productivity increase assumptions) and a merit, promotion and longevity component that on average approximates 1.4% per year for a career employee.

The actuarial assumptions used in the December 31, 2016 valuation were based on the results of an actuarial experience study for the period January 1, 2009 – December 31, 2012. In addition, mortality rates were based on the RP-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on projection Scale AA and then projected with 110% of the MP-2014 Ultimate scale after that.

The long term expected rate of return on plan investments was determined using a building-block method in which best estimate ranges of expected future real rates (expected returns, net of 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 weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

LIBERTY COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 9 – PENSION PLAN (CONTINUED)

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

<u>Asset Class</u>	<u>Benchmark</u>	<u>Target Allocation (1)</u>	<u>Geometric Real Rate Of Return (2)</u>
U.S. Equities	Dow Jones U.S. Total Stock Mkt Index	13.50%	4.7%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index (3)	16.00%	7.7%
Global Equities	MSCI World (net) Index	1.50%	5.00%
International Equities-Developed	MSCI World Ex USA (net)	10.00%	4.70%
International Equities-Emerging	MSCI EM Standard (net) Index	7.00%	5.70%
Investment – Grade Bonds	Bloomberg Barclays U.S. Aggregate Bond Index	3.00%	0.60%
High-Yield Bonds	Citigroup High-Yield Cash-Pay Capped Index	3.00%	3.70%
Opportunistic Credit	Citigroup High-Yield Cash-Pay Capped Index	2.00%	3.83%
Direct Lending	S&P /LSTA Leveraged Loan Index	10.00%	8.15%
Distressed Debt	Cambridge Associates Distressed Securities Index (4)	3.00%	6.70%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% FTSE EPRA/NAREIT Global Real Estate Index	2.00%	3.85%
Master Limited Partnerships	Alerian MLP Index	3.00%	5.60%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index (5)	6.00%	7.20%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	20.00%	3.85%
Total		<u>100.00%</u>	

(1) Target asset allocation adopted at the April 2017 TCDRS Board meeting.

(2) Geometric real rates of return equal the expected return minus the assumed inflation rate of 2.0%, per Cliffwater's 2017 capital market assumptions.

(3) Includes vintage years 2006-present of Quarter Pooled Horizon IRRs.

(4) Includes vintage years 2005-present of Quarter Pooled Horizon IRRs.

(5) Includes vintage years 2007-present of Quarter Pooled Horizon IRRs.

Discount Rate

The Discount Rate used to measure the Total Pension Liability was 8.1%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the 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 Plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

LIBERTY COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 9 – PENSION PLAN (CONTINUED)

Changes in the District’s Net Pension Liability

Changes in the District’s net pension liability for the year ended December 31, 2016 were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balances, December 31, 2015	\$71,090,960	\$58,226,060	\$12,864,900
Changes for the year:			
Service cost	2,369,111	-	2,369,111
Interest on total pension liability (1)	5,685,263	-	5,685,263
Effect of plan changes (2)	-	-	-
Effect of economic/demographic gains/losses	77,788	-	77,788
Effect of assumptions changes or inputs	-	-	-
Refund of contributions	(220,592)	(220,592)	-
Benefit payments	(3,989,410)	(3,989,410)	-
Administrative expenses	-	(46,795)	46,795
Member contributions	-	1,020,360	(1,020,360)
Net investment income	-	4,305,975	(4,305,975)
Employer contributions	-	2,466,354	(2,466,354)
Other charges (3)	-	(74,190)	74,190
Net Changes	3,922,160	3,461,702	460,458
Balances, December 31, 2016	<u>\$75,013,120</u>	<u>\$61,687,762</u>	<u>\$13,325,358</u>

- (6) Reflects the change in the liability due to the time value of money. TCDRS does not charge fees or interest.
- (7) No plan changes valued.
- (8) Relates to allocation of system-wide items.

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

The following presents the net pension liability calculated using the discount rate of 8.10%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (7.10%) or 1 percentage point higher (9.10%) than the current rate:

	1% Decrease in Discount Rate 7.10%	Current Discount Rate 8.10%	1% Increase in Discount Rate 9.10%
Total pension liability	\$83,935,039	\$75,013,120	\$67,552,903
Fiduciary net position	<u>61,687,762</u>	<u>61,687,762</u>	<u>61,687,762</u>
Net pension liability/(asset)	<u>\$22,247,278</u>	<u>\$13,325,358</u>	<u>\$5,865,141</u>

LIBERTY COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 9 – PENSION PLAN (CONTINUED)

Pension Expense and Deferred Inflows/Outflows of Resources Related to Pensions

For the year ended September 30, 2017, the District recognized pension expense of \$2,490,857. At year-end, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$74,225	\$394,079
Changes in assumptions	359,795	-
Net difference between projected and actual earnings	3,656,029	-
Contributions subsequent to the measurement date	1,961,655	-
Total	<u>\$6,051,704</u>	<u>\$394,079</u>

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date of \$1,961,655 will be recognized as a reduction of the net pension liability (or increase in the net pension asset) for the year ended September 30, 2017. Other amounts currently reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ending September 30:</u>	<u>Deferred Outflows</u>
2018	\$1,261,773
2019	1,245,889
2020	1,112,948
2021	75,360
Total	<u>\$3,695,970</u>

NOTE 10 – DEFERRED COMPENSATION PLAN

The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The group plan is basically available for all full-time employees on a strictly voluntary basis. No contributions are made by the County to this plan. Under the plan, employees may elect to defer a portion of their salaries and avoid paying taxes on the deferred portion until the withdrawal date. The deferred compensation amount is not available for withdrawal by employees until termination, retirement, death, or unforeseeable emergency. The plan assets are held in trust for the exclusive benefits of the participants and their beneficiaries. The County's deferred compensation plan is administered by a private corporation under contract with the County. The plan assets are not included in the financial statements of the County.

NOTE 11 – HEALTH CARE

The County maintains a self-insured health plan (the Plan) for all eligible employees and retirees. The County contributed approximately \$5.4 million to the Plan to subsidize employee premiums during the year ended September 30, 2017. Employees are responsible for premiums for dependents. Health claim payments include the premiums for dependents' health insurance processed by a third party (Cigna Healthcare Insurance Company) acting on behalf of the County.

Claims incurred are subject to an annual specific deductible of \$150,000 and a maximum aggregate benefit of \$1,000,000. Employee health claims are self-insured by the County up to these annual limits and stop-loss benefits are provided by Cigna Healthcare Insurance Company.

At yearend, the County has recorded current health claim liabilities of \$520,506 in the internal service fund. These liabilities are based on requirements of GASB Statement No. 10, which required that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probably that a liability has been incurred as of the date of the financial statements and the amount of loss can be reasonably estimated.

LIBERTY COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 11 – HEALTH CARE (CONTINUED)

Changes in the balances of claims liabilities during the year ended September 30, 2017 are as follows:

Beginning Balance – 9/30/2016	\$343,918
Claims Incurred	5,710,155
Claims Paid	<u>(5,533,567)</u>
Ending Balance – 9/30/2017	<u>\$520,506</u>

NOTE 12 – OTHER POST EMPLOYMENT BENEFITS

Plan Description

The County administers a single-employer defined benefit Other Post Employment Benefits (OPEB) plan, known as the County Health Insurance Benefits Program (the Program). The Program offers medical, dental, and vision insurance benefits to eligible retirees and their spouses as well as life insurance for retirees only. Employees who retire in accordance with the provisions of the TCDRS are covered as employees under the group health and related benefits program at the time of retirement, and are vested with the County are eligible to receive County health insurance benefits.

The employee's responsibility for the premium depends on whether they retired on or before December 31, 1996 or after as follows:

Retirement on or before December 31, 1996 –

The retiree pays the entire premium for retiree medical, prescription drug, dental, and vision coverage as well as coverage for eligible dependents. The County does not pay any portion of this premium.

Retirement on or after January 1, 1997 –

The County pays 100% of the premium for retiree medical, prescription drug, dental, vision, and life insurance coverage. Retirees must pay the entire premium for coverage of eligible dependents. Life insurance is not available for dependents of retirees. Dependent coverage ends upon the cessation of premium payments.

Funding Policy

The County has elected to subsidize premiums for the plan and funding is provided on a pay-as-you-go basis.

Annual OPEB Cost

The County's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the County's annual OPEB cost of the year, the amount actually contributed to the plan, and the County's net OPEB obligation.

Annual Required Contribution	\$3,198,033
Interest on OPEB Obligation	643,277
Adjustment to Annual Required Contribution	<u>(1,077,934)</u>
Annual OPEB Cost Expense	2,763,376
Contributions Made	<u>(870,544)</u>
Change in Net OPEB Obligation	1,892,832
Net OPEB Obligation - Beginning of Year	<u>21,442,557</u>
Net OPEB Obligation - End of Year	<u>\$23,335,389</u>

LIBERTY COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 12 – OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the program, and the net OPEB obligation for 2017 and the three preceding years are as follows:

Fiscal Year	Annual OPEB Cost (ARC)	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation	
			Beginning	Ending
2014	\$4,114,027	17.08%	\$14,726,360	\$18,108,010
2015	\$2,351,044	29.27%	\$18,108,010	\$19,771,009
2016	\$2,567,847	34.90%	\$19,771,009	\$21,442,557
2017	\$2,763,376	31.50%	\$21,442,557	\$23,335,389

Funded Status and Funding Progress

As of October 1, 2016, the most recent actuarial valuation date, the Program was 0.00% funded. The actuarial accrued liability for benefits was \$27,608,812, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$27,608,812.

Actuarial valuations of an ongoing program involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Program and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of Program assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive program (the program as understood by the employer and the Program members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and Program members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effect of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The following is a summary of the actuarial assumptions:

Actuarial Cost Method	Projected Unit Cost
Amortization Method	Level Dollar
Remaining Amortization Period	30 years
Asset Valuation Method	N/A
Investment Rate of Return	3.00%
Healthcare Cost Trend Rate (Initial/Ultimate)	8.0%/5.0%

LIBERTY COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 13 – RISK MANAGEMENT AND CONTINGENCIES

The County is exposed to various risks of losses related to torts; theft, damage, or destruction of assets; errors and omission; injuries to employees or others; and natural disasters. The County’s primary risk management activity is to maintain various types of insurance coverage to cover any significant losses that might be incurred.

The County is contingently liable with respect to claims or litigation arising from the ordinary course of operations. The settlement of such claims would require budget appropriations of future revenues. County officials have asserted that they have no significant pending or threatened litigation, or claims against the County that would have a material adverse effect on the financial position of the County. Federal and State funds received during the current year and prior years through various grant programs are subject to audit by the applicable agencies. The County does not anticipate any substantial disallowance of project costs for any of the projects.

NOTE 14 – PRIOR PERIOD ADJUSTMENT

Effective for 2017, the County Sheriff Programs Fund was reclassified from a special revenue fund to an agency fund and included with Sheriff’s seizure funds.

The above restatements had the following impact on previously reported balances.

Statement of Activities	Amount
Net Position, October 1, 2016 as previously reported	\$216,343
Change in presentation of funds	<u>(4,500)</u>
Net Position, October 1, 2016 restated	<u><u>\$211,843</u></u>

Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	Amount
Net Position, October 1, 2016 as previously reported	\$22,204,523
Change in presentation of funds	<u>(4,500)</u>
Net Position, October 1, 2016 restated	<u><u>\$22,200,023</u></u>

REQUIRED SUPPLEMENTARY INFORMATION

LIBERTY COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL – GENERAL
AND MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED SEPTEMBER 30, 2017

	General Fund			Variance Favorable (Unfavorable)
	Original Budget	Final Budget	Actual	
REVENUES:				
Ad Valorem Taxes	\$21,889,894	\$21,889,894	\$22,249,548	\$359,654
Sales Tax	3,600,000	3,600,000	3,478,144	(121,856)
Other Taxes	41,500	41,500	62,291	20,791
Licenses and Permits	395,000	395,000	665,246	270,246
Fees, Fines and Forfeitures	2,225,500	2,225,500	2,477,747	252,247
Charges for Services	103,970	103,970	78,147	(25,823)
Intergovernmental Revenue	897,685	897,685	551,695	(345,990)
Investment Income	80,000	80,000	85,045	5,045
Other Revenues	81,200	119,303	269,745	150,442
TOTAL REVENUES	29,314,749	29,352,852	29,917,608	564,756
EXPENDITURES:				
General Government:				
Commissioners' Court	443,101	425,351	418,317	7,034
County Clerk	913,106	915,356	905,740	9,616
Veterans Services	174,337	174,337	158,572	15,765
General Administration	2,096,100	2,026,357	1,734,395	291,962
Building Maintenance	495,657	495,657	484,123	11,534
Employee Benefits	840,000	800,000	725,575	74,425
	4,962,301	4,837,058	4,426,722	410,336
Judicial:				
County Judge	429,358	469,835	461,651	8,184
Justice Courts	1,173,677	1,189,477	1,158,294	31,183
County Court at Law	662,796	705,096	696,162	8,934
District Clerk	672,065	660,065	641,920	18,145
District Judges	1,248,087	1,264,292	1,259,603	4,689
Court Costs	505,500	578,000	546,540	31,460
Bond Supervision	144,822	144,822	138,242	6,580
	4,836,305	5,011,587	4,902,412	109,175
Legal:				
County Attorney	780,612	816,612	796,277	20,335
District Attorney	1,352,581	1,357,081	1,342,756	14,325
	2,133,193	2,173,693	2,139,033	34,660
Financial:				
County Auditor	440,922	440,922	437,174	3,748
County Treasurer	322,227	312,227	308,178	4,049
Tax Assessor-Collector	844,759	848,609	827,518	21,091
Information Technology	382,500	391,000	383,492	7,508
Central Appraisal District	804,783	804,783	800,525	4,258
Purchasing	209,650	209,650	202,386	7,264
	3,004,841	3,007,191	2,959,273	47,918

(Continued)

LIBERTY COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL – GENERAL
AND MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED SEPTEMBER 30, 2017

	General Fund			Variance Favorable (Unfavorable)
	Original Budget	Final Budget	Actual	
Public Safety:				
Sheriff	\$6,251,804	\$6,510,482	\$6,245,530	\$264,952
Juvenile Probation	343,766	468,766	396,819	71,947
Jail Operations	4,563,470	4,300,470	4,211,701	88,769
Constables	1,683,939	1,662,166	1,588,332	73,834
Fire Marshall	573,142	545,642	533,254	12,388
Emergency Management	215,917	284,979	260,243	24,736
	<u>13,632,038</u>	<u>13,772,505</u>	<u>13,235,879</u>	<u>536,626</u>
Health and Welfare:				
Public Welfare	599,000	684,000	680,294	3,706
Indigent Services	712,894	615,928	522,342	93,586
	<u>1,311,894</u>	<u>1,299,928</u>	<u>1,202,636</u>	<u>97,292</u>
Other:				
Engineering	436,871	430,871	337,567	93,304
Extension Services	228,560	229,899	216,270	13,629
Special Projects	478,776	478,776	180,960	297,816
Housing Authority	97,326	103,951	66,144	37,807
	<u>1,241,533</u>	<u>1,243,497</u>	<u>800,941</u>	<u>442,556</u>
Capital Outlay:	-	-	429,109	(429,109)
	<u>-</u>	<u>-</u>	<u>429,109</u>	<u>(429,109)</u>
Debt Service:	-	-	236,466	(236,466)
	<u>-</u>	<u>-</u>	<u>236,466</u>	<u>(236,466)</u>
TOTAL EXPENDITURES	<u>31,122,105</u>	<u>31,345,459</u>	<u>30,332,471</u>	<u>1,012,988</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,807,356)</u>	<u>(1,992,607)</u>	<u>(414,863)</u>	<u>1,577,744</u>
OTHER FINANCING SOURCES (USES):				
Transfers In	80,000	194,960	160,218	(34,742)
Transfers Out	-	(11,180)	-	11,180
Capital Lease Issuance	-	-	69,557	(69,557)
TOTAL OTHER FINANCING SOURCES (USES)	<u>80,000</u>	<u>183,780</u>	<u>229,775</u>	<u>45,995</u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES AND OTHER SOURCES	<u>(1,727,356)</u>	<u>(1,808,827)</u>	<u>(185,088)</u>	<u>1,623,739</u>
Fund Balance, Beginning of Year	11,469,905	11,469,905	11,469,905	-
Fund Balance, End of Year	<u>\$9,742,549</u>	<u>\$9,661,078</u>	<u>\$11,284,817</u>	<u>\$1,623,739</u>

The accompanying Independent Auditor's Report should be read with this additional information.

LIBERTY COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL – GENERAL
AND MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED SEPTEMBER 30, 2017

	Road and Bridge Fund			Variance
	Original Budget	Final Budget	Actual	Favorable (Unfavorable)
REVENUES:				
Ad Valorem Taxes	\$5,520,147	\$5,520,147	\$5,595,899	\$75,752
Fees, Fines and Forfeitures	1,698,000	1,698,000	1,556,509	(141,491)
Intergovernmental Revenue	56,628	56,628	297,705	241,077
Other Revenues	312,940	547,213	239,531	(307,682)
TOTAL REVENUES	7,587,715	7,821,988	7,689,644	(132,344)
EXPENDITURES:				
Public Transportation:				
Precinct No. 1	1,686,893	1,702,889	1,379,899	322,990
Precinct No. 2	2,872,215	2,964,359	2,682,842	281,517
Precinct No. 3	1,231,077	1,297,371	1,144,260	153,111
Precinct No. 4	1,924,197	2,010,099	1,817,311	192,788
	7,714,382	7,974,718	7,024,312	950,406
Other:				
Solid Waste Services	510,700	500,882	468,815	32,067
Debt Service	-	-	342,406	(342,406)
TOTAL EXPENDITURES	8,225,082	8,475,600	7,835,533	640,067
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(637,367)	(653,612)	(145,889)	507,723
OTHER FINANCING SOURCES (USES):				
Transfers In (Out)	(40,000)	60,727	149,555	88,828
Capital Lease Issuance	-	-	6,301	6,301
TOTAL OTHER FINANCING SOURCES (USES)	(40,000)	60,727	155,856	95,129
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES AND OTHER SOURCES	(677,367)	(592,885)	9,967	602,852
Fund Balance, Beginning of Year	2,295,836	2,295,836	2,295,836	-
Fund Balance, End of Year	\$1,618,469	\$1,702,951	\$2,305,803	\$602,852

The accompanying Independent Auditor's Report should be read with this additional information.

LIBERTY COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL – GENERAL
AND MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED SEPTEMBER 30, 2017

	Debt Service Fund			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
Ad Valorem Taxes	\$1,635,971	\$1,635,971	\$1,692,554	\$56,583
Other Revenues	3,200	3,200	3,935	735
TOTAL REVENUES	1,639,171	1,639,171	1,696,489	57,318
EXPENDITURES:				
Other:				
Paying Agent	5,000	5,000	800	4,200
	5,000	5,000	800	4,200
Debt Service:				
Principal	1,335,000	1,335,000	1,335,000	-
Interest	297,968	297,968	297,967	1
	1,632,968	1,632,968	1,632,967	1
TOTAL EXPENDITURES	1,637,968	1,637,968	1,633,767	4,201
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,203	1,203	62,722	61,519
Fund Balance, Beginning of Year	329,712	329,712	329,712	-
Fund Balance, End of Year	\$330,915	\$330,915	\$392,434	\$61,519

The accompanying Independent Auditor's Report should be read with this additional information.

LIBERTY COUNTY, TEXAS
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS –
TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM
YEAR ENDED SEPTEMBER 30, 2017

	Year Ended December 31		
	2016	2015	2014
Total Pension Liability			
Service Cost	\$2,369,111	\$2,046,096	\$2,003,568
Interest (on the Total Pension Liability)	5,685,263	5,447,108	5,155,196
Effect of Plan Changes	-	(338,793)	-
Effect of Assumption Changes or Inputs	-	719,589	-
Effect of Economic/Demographic (Gains) or Losses	77,788	(788,157)	63,539
Benefit Payments, Including Refunds of Participant Contributions	(4,210,002)	(4,028,204)	(3,631,500)
Net Change in Total Pension Liability	<u>3,922,160</u>	<u>3,057,639</u>	<u>3,590,803</u>
Total Pension Liability – Beginning	<u>71,090,960</u>	<u>68,033,321</u>	<u>64,442,518</u>
Total Pension Liability – Ending (a)	<u><u>\$75,013,120</u></u>	<u><u>\$71,090,960</u></u>	<u><u>\$68,033,321</u></u>
Plan Fiduciary Net Position			
Contributions – Employer	\$2,466,354	\$2,307,041	\$2,234,405
Contributions – Members	1,020,360	973,729	913,602
Investment Income net of Investment Expenses	4,305,975	(278,020)	3,810,026
Benefit Payments, Including Refunds of Participant Contributions	(4,210,082)	(4,028,204)	(3,631,500)
Administrative Expense	(46,745)	(42,246)	(44,404)
Other	(74,190)	24,553	(49,784)
Net Change in Plan Fiduciary Net Position	<u>3,461,702</u>	<u>(1,043,147)</u>	<u>3,232,345</u>
Plan Fiduciary Net Position – Beginning	<u>58,226,060</u>	<u>59,269,207</u>	<u>56,036,862</u>
Plan Fiduciary Net Position – Ending (b)	<u><u>\$61,687,762</u></u>	<u><u>\$58,226,060</u></u>	<u><u>\$59,269,207</u></u>
Net Pension Liability – Ending (a) – (b)	<u><u>\$13,325,358</u></u>	<u><u>\$12,864,900</u></u>	<u><u>\$8,764,114</u></u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	<u>82.24%</u>	<u>81.90%</u>	<u>87.12%</u>
Covered Employee Payroll	<u>\$14,576,565</u>	<u>\$13,748,824</u>	<u>\$13,051,454</u>
Net Pension Liability as a Percentage of Covered Employee Payroll	<u>91.42%</u>	<u>93.57%</u>	<u>67.15%</u>

Notes to schedule:

- 1) This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, only available information is shown.

The accompanying Independent Auditor's Report should be read with this additional information.

LIBERTY COUNTY, TEXAS
SCHEDULE OF EMPLOYER CONTRIBUTIONS -
TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM
YEAR ENDED SEPTEMBER 30, 2017

	<u>9/30/2017</u>	<u>9/30/2016</u>	<u>9/30/2015</u>
Actuarially Determined Contribution	\$2,611,083	\$2,443,426	\$2,261,985
Contributions in Relation to the Actuarially Determined Contribution	<u>2,611,083</u>	<u>2,443,426</u>	<u>2,261,985</u>
Contribution Deficiency (Excess)	<u>-</u>	<u>-</u>	<u>-</u>
Covered Employee Payroll	<u>\$15,330,050</u>	<u>\$14,469,792</u>	<u>\$13,411,424</u>
Contributions as a Percentage of Covered Employee Payroll	<u>17.03%</u>	<u>16.89%</u>	<u>16.87%</u>

Notes to Schedule of Contributions

Valuation Date: Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in which contributions are reported.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	13.5 Years (based on contribution rate calculated in 12/31/16 valuation)
Asset Valuation Method	5 Year smoothed market
Inflation	3.0%
Salary Increases	Varies by age and service. 4.9% average over career including inflation.
Investment Rate of Return	8.00%, net of investment expenses, including inflation
Retirement Age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	In the 2015 actuarial valuation, assumed life expectancies were adjusted as a result of adopting a new projection scale (110% of the MP-2014 Ultimate Scale) for 2014 and later. Previously Scale AA had been used. The base table is the RP-2000 table projected with Scale AA to 2014.

Other Information:

Notes No changes in plan provisions are reflected in the Schedule of Employer Contributions.

The accompanying Independent Auditor's Report should be read with this additional information.

LIBERTY COUNTY, TEXAS
SCHEDULE OF FUNDING PROGRESS
POST EMPLOYMENT HEALTHCARE BENEFITS
YEAR ENDED SEPTEMBER 30, 2017

Actuarial Valuation Date	Actuarial Value of Assets a	Actuarial Accrued Liability (AAL) Entry Age b	Unfunded AAL (UAAL) (b-a)	Funded Ratio a/b	Annual Covered Payroll C	UAAL as a Percentage of Covered Payroll [(b-a)/c]
10/1/2008	\$ -	\$24,876,324	\$24,876,324	0%	N/A	N/A
10/1/2010	\$ -	\$29,027,347	\$29,027,347	0%	\$10,485,551	277%
10/1/2012	\$ -	\$35,240,230	\$35,240,230	0%	\$10,510,280	335%
10/1/2014	\$ -	\$23,292,292	\$23,292,292	0%	\$10,304,680	226%
10/1/2016	\$ -	\$27,608,812	\$27,608,812	0%	\$11,826,410	233%

The accompanying Independent Auditor's Report should be read with this additional information.

COMBINING STATEMENTS AND SCHEDULES

LIBERTY COUNTY, TEXAS
NONMAJOR GOVERNMENTAL FUNDS DESCRIPTIONS
SEPTEMBER 30, 2017

SPECIAL REVENUE FUNDS

District Attorney Fund – The District Attorney Fund accounts for revenues received from the State of Texas and fees collected in connection with processing checks issued or passed in violation of the Texas Penal Code. Fees deposited in this fund are used to defray expenses of the District attorney's office.

District Attorney Forfeiture Fund – The District Attorney Forfeiture Fund accounts for forfeitures from drug related cases for use by the District Attorney's office.

Child Crimes Special Investigator Fund - The Child Crimes Special Investigator Fund accounts for revenue received from the State used for salaries and other costs associated with the Child Crimes unit.

Victims Assistance Coordinator Fund – The Victims Assistance Coordinator Fund accounts for revenue received from the State used for salaries and other costs associated with providing assistance to victims of crime.

Land Acquisition Fund – The Land Acquisition Fund accounts for special vehicle registration fees designated for the acquisition of right-of-way for road expansion.

Election Service Contract Fund – The Elections Service Contract Fund accounts for revenues related to county elections.

County Clerk Records Management Fund – The County Clerk Records Management fund accounts for revenues received from a special records management and preservation fee designated for records management and preservation services performed by the County Clerk.

District Clerk TDCJ Fund – The District Clerk TDCJ Fund accounts for revenues received from Texas Department of Criminal Justice (TDCJ) designated for the use of a District clerk in a county in which a state prison facility is located.

Law Library Fund – The Law Library Fund accounts for the operation of a law library for use by members of the Texas Bar Association. Financing is provided from fees assessed in each civil case filed in County and District Courts.

JP Technology Fund – The JP Technology Fund accounts for technology fees collected as a cost of court from defendants convicted of misdemeanor offenses. The fund may be used only to finance the purchase of technological enhancements and is administered by the Commissioners' Court.

County and District Court Technology Fund – The County and District Court Technology Fund accounts for technology fees collected as a cost of court from defendants. The fund may be used only to finance the purchase of technological enhancements.

County Record Preservation – The County Record Preservation Fund is used to account for preservation services provided by the District Clerk.

Pre-trial Diversion Fund – The Pre-trial Diversion Fund accounts for fees collected for the pre-trial diversion program of the County Attorney's office.

Adult Gang Investigator Fund – The Adult Gang Investigator Fund accounts for revenue received from the State for salaries and other costs associated with the Adult Gangs unit.

LIBERTY COUNTY, TEXAS
NONMAJOR GOVERNMENTAL FUNDS DESCRIPTIONS
SEPTEMBER 30, 2017

SPECIAL REVENUE FUNDS (Continued)

County Sheriff Forfeitures Fund – The County Sheriff Forfeitures Fund accounts for funds forfeited from funds seized in drug arrests. The funds are restricted for law enforcement purposes.

District Clerk Child Support Fund – The District Clerk child Support Fund accounts for reimbursements received from the Office of the Attorney General for processing child support payments sent to the County as part of the Cooperative Agreement for Title IV, Part D of the Federal Social Security Act (IV-D) child support enforcement program. The purpose of this program is to provide the County child support register with a mechanism for supporting and improving the IV_D child support case services provided by the County.

Courthouse Security Fund – The Courthouse Security Fund accounts for court filing fees designated for security services for buildings housing a District or County court.

District Clerk Records Management Fund – The District Clerk Records Management Fund accounts for revenues received from a special records management and preservation fee designated for records management and preservation services performed by the District Clerk.

Commissioners' Court Records Management Fund – The Commissioners' Court Records Management Fund accounts for revenues received from a special records management and preservation fee designated for records management and preservation services performed by the Commissioners' Court.

Constables Seizures and Forfeitures Fund – The Constables Seizures and Forfeitures Fund accounts for seizures and forfeitures from drug related cases. Funds are restricted for law enforcement purposes.

Sheriff's COPS Grant Fund – The Sheriff's COPS Grant Fund accounts for grant revenues received from the Texas Department of Public Safety.

DARE Fund – The Dare Fund accounts for revenues received from the surrounding community to support work with children to increase drug awareness and resistance. Funds are restricted for this purpose.

District Attorney Federal Forfeiture Fund – The District Attorney Federal Forfeiture Fund accounts for federally forfeited property received from the U.S. Department of Justice.

Commissary Fund – The Commissary Fund accounts for revenues received from commissary activities in the County jail.

CDBG Disaster Recovery Fund – The CDBG Disaster Recovery fund accounts for grant revenues received from Texas General Land Office under the Community Development Block Grant Disaster Recovery Program Round 2.2 for disaster recovery relief from Hurricane Ike.

CDBG (GLO #12-219-000-5519) - This CDBG Fund accounts for grant revenues received from Texas General Land Office under the Community Development Block Grant Program for disaster recovery from Hurricane Ike for the benefit of unincorporated areas within the County.

CDBG (GLO #13-307-000-7582) - This CDBG Fund accounts for grant revenues received from Texas General Land Office under the Community Development Block Grant Disaster Recovery Program for Non-rental Housing Projects for areas affected by Hurricane Ike.

LIBERTY COUNTY, TEXAS
NONMAJOR GOVERNMENTAL FUNDS DESCRIPTIONS
SEPTEMBER 30, 2017

SPECIAL REVENUE FUNDS (Continued)

FEMA Grant Fund – The FEMA Grant Fund accounts for revenues received from the Federal Emergency Management Agency grant program.

DRS TDRA Grant Fund (GLO# 11-316-000-5075) – The DRS TDRA Grant Fund accounts for grant revenues received from the Texas General Land Office for disaster recovery for benefit of unincorporated areas within the County.

County Attorney Check Collection Fund – The County Attorney Check Collection Fund accounts for fees collected in connection with processing checks issued or passed in violation of the Texas Penal Code. Fees deposited in this fund are used to defray expense of the County Attorney's office.

District Attorney Seizures Fund – The District Attorney Seizures Fund accounts for funds seized in drug arrests until said funds are determined to be forfeited to the arresting police agencies, to the District Attorney, or returned to the rightful owner.

Constables Precincts 2 and 4 Forfeitures Funds – The Constables Forfeitures Fund accounts for forfeitures from drug related cases. Funds are restricted for law enforcement purposes.

Juvenile Probation Fund – The Juvenile Probation Fund accounts for revenues received from the Texas Juvenile Probation Commission under an agreement to provide juvenile offenders with a program of rehabilitation. Funds are restricted for this purpose.

LIBERTY COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2017

	Special Revenue Funds			
	District Attorney	District Attorney Forfeiture Fund	Child Crimes Special Investigator	Victims Assistance Coordinator
<u>ASSETS</u>				
Cash & Cash Equivalents	\$29,872	\$948,406	-	-
Receivables, net	-	-	-	-
Due from Other Governments	-	-	-	\$11,482
Due from Others	-	-	-	-
Due from Other Funds	-	-	-	-
TOTAL ASSETS	<u>29,872</u>	<u>948,406</u>	<u>-</u>	<u>11,482</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
	-	-	-	-
TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES	<u>\$29,872</u>	<u>\$948,406</u>	<u>-</u>	<u>\$11,482</u>
<u>LIABILITIES</u>				
Accounts Payable and Accrued Liabilities	-	\$8,735	-	-
Due to Other Governments	-	-	-	-
Due to Others	-	-	-	-
Due to Other Funds	-	15,122	-	\$11,482
TOTAL LIABILITIES	<u>-</u>	<u>23,857</u>	<u>-</u>	<u>11,482</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
	-	-	-	-
<u>FUND BALANCES</u>				
Restricted for:				
Community Development	-	-	-	-
Public Safety	-	-	-	-
Judicial	-	-	-	-
Legal	\$29,872	924,549	-	-
Records Management	-	-	-	-
TOTAL FUND BALANCES	<u>29,872</u>	<u>924,549</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$29,872</u>	<u>\$948,406</u>	<u>-</u>	<u>\$11,482</u>

The accompanying Independent Auditor's Report should be read with this additional information.

Special Revenue Funds

Land Acquisition	Elections Service Contract	County Clerk Records Management	District Clerk TDCJ	Law Library	JP Technology
\$1,216,626	\$26,594	\$580,793	\$16,213	\$17,554	\$137,062
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>1,216,626</u>	<u>26,594</u>	<u>580,793</u>	<u>16,213</u>	<u>17,554</u>	<u>137,062</u>
-	-	-	-	-	-
<u>\$1,216,626</u>	<u>\$26,594</u>	<u>\$580,793</u>	<u>\$16,213</u>	<u>\$17,554</u>	<u>\$137,062</u>
\$9,568	-	\$6,299	-	\$1,524	\$1,174
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>9,568</u>	<u>-</u>	<u>6,299</u>	<u>-</u>	<u>1,524</u>	<u>1,174</u>
-	-	-	-	-	-
1,207,058	-	-	-	-	-
-	-	-	-	-	-
-	-	-	\$16,213	-	135,888
-	-	-	-	16,030	-
-	\$26,594	574,494	-	-	-
<u>1,207,058</u>	<u>26,594</u>	<u>574,494</u>	<u>16,213</u>	<u>16,030</u>	<u>135,888</u>
<u>\$1,216,626</u>	<u>\$26,594</u>	<u>\$580,793</u>	<u>\$16,213</u>	<u>\$17,554</u>	<u>\$137,062</u>

LIBERTY COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2017

	Special Revenue Funds			
	County & District Court Technology	County Record Preservation	Pre-trial Diversion	Adult Gang Investigator
<u>ASSETS</u>				
Cash & Cash Equivalents	\$16,286	\$92,321	\$204,159	-
Receivables, net	-	-	-	-
Due from Other Governments	-	-	-	\$5,966
Due from Others	-	-	-	-
Due from Other Funds	-	-	-	15,122
TOTAL ASSETS	16,286	92,321	204,159	21,088
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
	-	-	-	-
TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES	16,286	92,321	204,159	21,088
<u>LIABILITIES</u>				
Accounts Payable and Accrued Liabilities	-	-	-	-
Due to Other Governments	-	-	-	-
Due to Others	-	-	-	-
Due to Other Funds	-	-	-	\$21,088
TOTAL LIABILITIES	-	-	-	21,088
<u>DEFERRED INFLOWS OF RESOURCES</u>				
	-	-	-	-
<u>FUND BALANCES</u>				
Restricted for:				
Community Development	-	-	-	-
Public Safety	-	-	-	-
Judicial	\$16,286	-	-	-
Legal	-	-	\$204,159	-
Records Management	-	\$92,321	-	-
TOTAL FUND BALANCES	16,286	92,321	204,159	-
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	16,286	92,321	204,159	21,088

The accompanying Independent Auditor's Report should be read with this additional information.

Special Revenue Funds

County Sheriff Forfeitures Fund	District Clerk Child Support	Courthouse Security	District Clerk Records Management	Commissioners' Court Records Management	Constables Forfeitures Fund
\$630,240	\$16,764	\$66,369	\$52,226	\$225,792	\$37,258
-	-	-	-	-	-
-	2,800	-	-	-	-
6,863	-	-	-	-	-
-	-	-	-	-	-
<u>637,103</u>	<u>19,564</u>	<u>66,369</u>	<u>52,226</u>	<u>225,792</u>	<u>37,258</u>
-	-	-	-	-	-
<u>\$637,103</u>	<u>\$19,564</u>	<u>\$66,369</u>	<u>\$52,226</u>	<u>\$225,792</u>	<u>\$37,258</u>
-	-	-	-	\$22,910	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	22,910	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
\$637,103	-	\$66,369	-	-	\$37,258
-	\$19,564	-	-	-	-
-	-	-	-	-	-
-	-	-	\$52,226	202,882	-
<u>637,103</u>	<u>19,564</u>	<u>66,369</u>	<u>52,226</u>	<u>202,882</u>	<u>37,258</u>
<u>\$637,103</u>	<u>\$19,564</u>	<u>\$66,369</u>	<u>\$52,226</u>	<u>\$225,792</u>	<u>\$37,258</u>

LIBERTY COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2017

	Special Revenue Funds			
	Sheriff's COPS Grant	DARE	District Attorney Federal Forfeiture	Commissary
<u>ASSETS</u>				
Cash & Cash Equivalents	\$31,045	\$5,714	\$26,384	\$67,578
Receivables, net	-	-	-	-
Due from Other Governments	-	-	-	-
Due from Others	-	-	-	-
Due from Other Funds	-	-	-	-
TOTAL ASSETS	31,045	5,714	26,384	67,578
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
	-	-	-	-
TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES	\$31,045	\$5,714	\$26,384	\$67,578
<u>LIABILITIES</u>				
Accounts Payable and Accrued Liabilities	\$7,524	-	-	-
Due to Other Governments	-	-	-	-
Due to Others	-	-	-	-
Due to Other Funds	-	-	-	\$8,487
TOTAL LIABILITIES	7,524	-	-	8,487
<u>DEFERRED INFLOWS OF RESOURCES</u>				
	-	-	-	-
<u>FUND BALANCES</u>				
Restricted for:				
Community Development	-	-	-	-
Public Safety	23,521	\$5,714	-	59,091
Judicial	-	-	\$26,384	-
Legal	-	-	-	-
Records Management	-	-	-	-
TOTAL FUND BALANCES	23,521	5,714	26,384	59,091
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$31,045	\$5,714	\$26,384	\$67,578

The accompanying Independent Auditor's Report should be read with this additional information.

Special Revenue Funds

CDBG Disaster Recovery	CDBG (GLO# 12-219- 000-5519)	CDBG (GLO# 13-307- 000-7582)	FEMA Grant	DRS TDRA Grant	County Attorney Check Collection
-	-	\$56,180	\$20,083	-	\$32,359
-	-	-	-	-	-
\$44,087	\$67,131	28,763	-	\$19,347	-
-	-	85,484	-	-	-
-	-	-	-	-	-
<u>44,087</u>	<u>67,131</u>	<u>170,427</u>	<u>20,083</u>	<u>19,347</u>	<u>32,359</u>
-	-	-	-	-	-
<u>\$44,087</u>	<u>\$67,131</u>	<u>\$170,427</u>	<u>\$20,083</u>	<u>\$19,347</u>	<u>\$32,359</u>
\$33,621	-	\$149,800	\$20,083	\$14,445	\$865
-	-	-	-	-	-
-	-	20,627	-	-	-
10,466	\$67,131	-	-	4,902	-
<u>44,087</u>	<u>67,131</u>	<u>170,427</u>	<u>20,083</u>	<u>19,347</u>	<u>865</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	31,494
-	-	-	-	-	-
-	-	-	-	-	<u>31,494</u>
<u>\$44,087</u>	<u>\$67,131</u>	<u>\$170,427</u>	<u>\$20,083</u>	<u>\$19,347</u>	<u>\$32,359</u>

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LIBERTY COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2017

	Special Revenue Funds			Total
	Constable Precinct 2 Forfeiture Fund	Constable Precinct 4 Forfeiture Fund	Juvenile Probation	Nonmajor Governmental Funds
<u>ASSETS</u>				
Cash & Cash Equivalents	\$3,045	\$10,079	\$194	\$4,567,196
Receivables, net	-	-	223	223
Due from Other Governments	-	-	-	179,576
Due from Others	-	-	31,433	123,780
Due from Other Funds	-	-	-	15,122
TOTAL ASSETS	3,045	10,079	41,299	4,885,897
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
	-	-	-	-
TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES	\$3,045	\$10,079	\$41,299	\$4,885,897
<u>LIABILITIES</u>				
Accounts Payable and Accrued Liabilities	-	-	-	\$276,548
Due to Other Governments	-	-	-	-
Due to Others	-	-	-	20,627
Due to Other Funds	-	-	\$24,000	162,678
TOTAL LIABILITIES	-	-	24,000	459,853
<u>DEFERRED INFLOWS OF RESOURCES</u>				
	-	-	-	-
<u>FUND BALANCES</u>				
Restricted for:				
Community Development	-	-	-	1,207,058
Public Safety	\$3,045	\$10,079	7,850	850,030
Judicial	-	-	-	214,335
Legal	-	-	-	1,206,104
Records Management	-	-	-	948,517
TOTAL FUND BALANCES	3,045	10,079	7,850	4,426,044
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$3,045	\$10,079	\$41,299	\$4,885,897

The accompanying Independent Auditor's Report should be read with this additional information.

LIBERTY COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2017

	Special Revenue Funds			
	District Attorney	District Attorney Forfeiture Fund	Child Crimes Special Investigator	Victims Assistance Coordinator
REVENUES:				
Fees, Fines and Forfeitures	\$62,371	\$309,746	-	-
Charges for Services	-	-	-	-
Intergovernmental	22,500	-	-	\$46,321
Investment Income	-	3,065	-	-
Other Revenues & Receipts	-	-	-	-
TOTAL REVENUES	84,871	312,811	-	46,321
EXPENDITURES:				
General Government	-	-	-	-
Judicial	-	-	-	-
Legal	86,653	79,993	-	-
Public Safety	-	-	-	58,121
Public Transportation	-	-	-	-
Community Development	-	-	-	-
Capital Expenditures	-	27,518	-	-
TOTAL EXPENDITURES	86,653	107,511	-	58,121
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,782)	205,300	-	(11,800)
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	-	-	-	11,800
Operating Transfers Out	-	(33,422)	\$(5,258)	-
Capital Lease Issuance	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	(33,422)	(5,258)	11,800
Net Change in Fund Balance	(1,782)	171,878	(5,258)	-
Fund Balances, Beginning of Year	31,654	752,671	5,258	-
Fund Balances, End of Year	\$29,872	\$924,549	-	-

The accompanying Independent Auditor's Report should be read with this additional information.

Special Revenue Funds

Land Acquisition	Elections Service Contract	County Clerk Records Management	District Clerk TDCJ	Law Library	JP Technology
\$347,450	-	\$243,243	-	\$45,782	\$22,730
-	-	-	-	-	-
17,504	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>364,954</u>	<u>-</u>	<u>243,243</u>	<u>-</u>	<u>45,782</u>	<u>22,730</u>
-	-	97,271	-	-	-
-	-	-	\$235	30,071	40,267
-	-	-	-	-	-
222,982	-	-	-	-	-
-	-	-	-	-	-
55,000	-	-	-	6,206	-
<u>277,982</u>	<u>-</u>	<u>97,271</u>	<u>235</u>	<u>36,277</u>	<u>40,267</u>
86,972	-	145,972	(235)	9,505	(17,537)
-	-	-	-	-	-
(300,015)	-	-	-	-	-
-	-	-	-	6,206	-
<u>(300,015)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,206</u>	<u>-</u>
(213,043)	-	145,972	(235)	15,711	(17,537)
1,420,101	\$26,594	428,522	16,448	319	153,425
<u>\$1,207,058</u>	<u>\$26,594</u>	<u>\$574,494</u>	<u>\$16,213</u>	<u>\$16,030</u>	<u>\$135,888</u>

LIBERTY COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2017

	Special Revenue Funds			
	County & District Court Technology	County Record Preservation	Pre-trial Diversion	Adult Gang Investigator
REVENUES:				
Fees, Fines and Forfeitures	\$2,032	\$15,567	\$47,700	-
Charges for Services	-	-	-	-
Intergovernmental	-	-	-	\$69,252
Investment Income	-	-	-	-
Other Revenues & Receipts	-	-	-	-
TOTAL REVENUES	<u>2,032</u>	<u>15,567</u>	<u>47,700</u>	<u>69,252</u>
EXPENDITURES:				
General Government	-	-	-	-
Judicial	-	-	-	-
Legal	-	-	11,263	-
Public Safety	-	-	-	84,374
Public Transportation	-	-	-	-
Community Development	-	-	-	-
Capital Expenditures	-	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>11,263</u>	<u>84,374</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>2,032</u>	<u>15,567</u>	<u>36,437</u>	<u>(15,122)</u>
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	-	-	-	15,122
Operating Transfers Out	-	-	-	-
Capital Lease Issuance	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,122</u>
Net Change in Fund Balance	2,032	15,567	36,437	-
Fund Balances, Beginning of Year	14,254	76,754	167,722	-
Fund Balances, End of Year	<u>\$16,286</u>	<u>\$ 92,321</u>	<u>\$204,159</u>	<u>-</u>

The accompanying Independent Auditor's Report should be read with this additional information.

Special Revenue Funds

County Sheriff Forfeitures Fund	District Clerk Child Support	Courthouse Security	District Clerk Records Management	Commissioners' Court Records Management	Constables Forfeitures Fund
\$577,567	-	\$59,342	\$16,111	\$21,729	\$5,912
-	-	-	-	-	-
-	\$20,731	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>577,567</u>	<u>20,731</u>	<u>59,342</u>	<u>16,111</u>	<u>21,729</u>	<u>5,912</u>
-	-	-	-	13,746	-
-	42,141	67,077	7,080	-	-
-	-	-	-	-	-
138,839	-	-	-	-	5,255
-	-	-	-	-	-
-	-	-	-	-	-
259,288	-	19,977	-	97,500	-
<u>398,127</u>	<u>42,141</u>	<u>87,054</u>	<u>7,080</u>	<u>111,246</u>	<u>5,255</u>
179,440	(21,410)	(27,712)	9,031	(89,517)	657
-	-	-	-	-	2,000
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	2,000
179,440	(21,410)	(27,712)	9,031	(89,517)	2,657
457,663	40,974	94,081	43,195	292,399	34,601
<u>\$637,103</u>	<u>\$19,564</u>	<u>\$66,369</u>	<u>\$52,226</u>	<u>\$202,882</u>	<u>\$37,258</u>

LIBERTY COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2017

	Special Revenue Funds			
	Sheriff's COPS Grant	DARE	District Attorney Federal Forfeiture	Commissary
REVENUES:				
Fees, Fines and Forfeitures	-	-	-	-
Charges for Services	-	-	-	\$55,438
Intergovernmental	-	-	-	-
Investment Income	-	-	-	-
Other Revenues & Receipts	-	\$5,729	-	-
TOTAL REVENUES	-	5,729	-	55,438
EXPENDITURES:				
General Government	-	-	-	-
Judicial	-	-	-	-
Legal	-	-	-	-
Public Safety	-	5,684	-	60,707
Public Transportation	-	-	-	-
Community Development	-	-	-	-
Capital Expenditures	\$7,524	-	-	-
TOTAL EXPENDITURES	7,524	5,684	-	60,707
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(7,524)	45	-	(5,269)
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	-	-	-	-
Operating Transfers Out	-	-	-	-
Capital Lease Issuance	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
Net Change in Fund Balance	(7,524)	45	-	(5,269)
Fund Balances, Beginning of Year	31,045	5,669	\$26,384	64,360
Fund Balances, End of Year	\$23,521	\$5,714	\$26,384	\$59,091

The accompanying Independent Auditor's Report should be read with this additional information.

Special Revenue Funds

CDBG Disaster Recovery	CDBG (GLO# 12-219- 000-5519)	CDBG (GLO# 13-307- 000-7582)	FEMA Grant	DRS TDRA Grant	County Attorney Check Collection
-	-	-	-	-	\$5,997
-	-	-	-	-	-
\$159,927	\$14,267	-	\$26,653	\$551,538	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>159,927</u>	<u>14,267</u>	<u>-</u>	<u>26,653</u>	<u>551,538</u>	<u>5,997</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	4,984
-	-	-	-	-	-
159,927	14,267	-	26,653	-	-
-	-	-	-	551,538	-
<u>159,927</u>	<u>14,267</u>	<u>-</u>	<u>26,653</u>	<u>551,538</u>	<u>4,984</u>
-	-	-	-	-	1,013
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	1,013
-	-	-	-	-	30,481
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$31,494</u>

LIBERTY COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2017

	Special Revenue Funds			Total Nonmajor Governmental Funds
	Constable Precinct 2 Forfeiture Fund	Constable Precinct 4 Forfeiture Fund	Juvenile Probation	
REVENUES:				
Fees, Fines and Forfeitures	\$3,045	\$10,079	-	\$1,796,403
Charges for Services	-	-	-	55,438
Intergovernmental	-	-	\$390,473	1,319,166
Investment Income	-	-	-	3,065
Other Revenues & Receipts	-	-	-	5,729
TOTAL REVENUES	<u>3,045</u>	<u>10,079</u>	<u>390,473</u>	<u>3,179,801</u>
EXPENDITURES:				
General Government	-	-	-	111,017
Judicial	-	-	-	186,871
Legal	-	-	-	182,893
Public Safety	-	-	391,794	744,774
Public Transportation	-	-	-	249,635
Community Development	-	-	-	174,194
Capital Expenditures	-	-	-	1,024,551
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>391,794</u>	<u>2,673,935</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>3,045</u>	<u>10,079</u>	<u>(1,321)</u>	<u>505,866</u>
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	-	-	-	28,922
Operating Transfers Out	-	-	-	(338,695)
Capital Lease Issuance	-	-	-	6,206
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(303,567)</u>
Net Change in Fund Balance	3,045	10,079	(1,321)	202,299
Fund Balances, Beginning of Year	-	-	9,171	4,223,745
Fund Balances, End of Year	<u>\$3,045</u>	<u>\$10,079</u>	<u>\$7,850</u>	<u>\$4,426,044</u>

The accompanying Independent Auditor's Report should be read with this additional information.

LIBERTY COUNTY, TEXAS
FIDUCIARY FUNDS DESCRIPTIONS
SEPTEMBER 30, 2017

AGENCY FUNDS

Inmate Release Fund - The Inmate Release Fund accounts for funds received by or for the benefit of inmates. Funds are used for the inmates' commissary and medical needs.

County Officials Escrow Fund – The County Officials Escrow Fund accounts for assets held by the County as agent for other governments, courts or individuals.

State Court Costs Fund – The State Court costs Fund accounts for assets held by the County on behalf of other governments.

Old River Drainage District No. 1 Fund – The Old River Drainage District No. 1 Fund accounts for funds held on behalf of Old River Drainage District No. 1.

CS & CD Fund – The CS & CD Fund accounts for funds held on behalf of the Liberty-Chambers Counties Community Supervision and Corrections Department (Adult Probation Programs).

LCSO Fine & Bond Account Fund – The LCSO Fine & Bond Account Fund accounts for funds received from inmates for fines and bonds.

County Sheriff Seizure Fund – The County Sheriff Seizure Fund accounts for funds seized in drug arrests until said funds are determined to be forfeited or returned to the rightful owner.

LIBERTY COUNTY, TEXAS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS
SEPTEMBER 30, 2017

	Agency Funds			
	Inmate Release	County Officials Escrow	State Court Costs	Old River Drainage District
<u>ASSETS</u>				
Cash & Cash Equivalents	\$100,057	\$6,365,599	\$177,860	\$895,885
Due from Others	-	-	-	2,195
TOTAL ASSETS	\$100,057	\$6,365,599	\$177,860	\$898,080
<u>LIABILITIES</u>				
Accounts Payable and Accrued Liabilities	-	-	\$2,446	\$7,929
Due to Other Governments	-	-	175,414	-
Due to Others	\$100,057	\$6,365,599	-	890,151
TOTAL LIABILITIES	\$100,057	\$6,365,599	\$177,860	\$898,080

The accompanying Independent Auditor's Report should be read with this additional information.

<u>CS & CD</u>	<u>LCSO Fine & Bond Account</u>	<u>County Sheriff Seizure Fund</u>	<u>Total Agency Funds</u>
\$677,481	\$305	\$79,315	\$8,296,502
183,418	-	1,135	186,748
<u>\$860,899</u>	<u>\$305</u>	<u>\$80,450</u>	<u>\$8,483,250</u>
\$2,546	-	-	\$12,921
-	\$305	-	175,719
858,353	-	\$80,450	8,294,610
<u>\$860,899</u>	<u>\$305</u>	<u>\$80,450</u>	<u>\$8,483,250</u>

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