

LIBERTY COUNTY, FLORIDA
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT
SEPTEMBER 30, 2018

**LIBERTY COUNTY BOARD OF COUNTY COMMISSIONERS
SEPTEMBER 30, 2018**

Dewayne Branch
District 1

Dexter Barber
District 2

Jim Johnson
District 3

Doyle Brown
District 4

Scott Phillips
District 5

CONSTITUTIONAL OFFICERS

Clerk of the Circuit Court
Kathleen E. Brown

Sheriff
Eddie Joe White

Tax Collector
Marie Goodman

Property Appraiser
Cindy Walker

Supervisor of Elections
Gina McDowell

LIBERTY COUNTY, FLORIDA
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SEPTEMBER 30, 2018
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INDEPENDENT AUDITOR'S REPORT

The Honorable Board of County Commissioners
and Constitutional Officers
Liberty County, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, and the budgetary comparison statements of Liberty County, Florida, (the County) as of and for the year ended September 30, 2018, and the 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

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control relevant to the County'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 County'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.

INDEPENDENT AUDITOR'S REPORT (Continued)

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information, and the budgetary comparison statements of the County, as of September 30, 2018, and the respective changes in financial position, and cash flows thereof, and the respective budgetary comparison of the general fund and each major fund, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the County's basic financial statements. The introductory section and the combining nonmajor fund statements are presented for purposes of additional analysis, and is not a required part of the financial statements. The accompanying schedule of expenditures of state financial assistance projects, as required by Chapter 10.550, *Rules of the Auditor General* of the State of Florida, is also not a required part of the basic financial statements. The combining nonmajor fund statements and the schedule of expenditures of state financial assistance are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the financial statements. This 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with the auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund statements and the schedule of state financial assistance are fairly stated in all material respects in relation to the financial statements as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly, we do not express an opinion or provide any assurance on it.

INDEPENDENT AUDITOR'S REPORT
(Concluded)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated June 27, 2019 on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Moran & Smith LLP

Moran & Smith LLP
June 27, 2019
Tallahassee, FL

**LIBERTY COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

The Management's Discussion and Analysis (MD&A) is designed to provide an objective and easy to read analysis of Liberty County, Florida's, (the County) financial activities based on currently known facts, decisions or conditions. It is intended to provide a broad overview on the short-term and long-term analysis of the County's activities based on information presented in the financial report and fiscal policies that have been adopted by the County. The MD&A is designed to focus on significant financial issues, provide an overview of the County's financial activity, identify changes in the County's financial position (its ability to address the next and subsequent year challenges), identify any material deviations from the financial plan (the approved budget) and identify individual fund issues or concerns.

As with other sections of this financial report, the information contained within this MD&A should be considered only a part of a greater whole. The reader of this statement should take the time to read and evaluate all sections of this report, including the footnotes and other supplemental information that is provided.

FINANCIAL HIGHLIGHTS

Government-wide Statements

Total assets of the County exceeded total liabilities at the close of the 2017-18 fiscal year by \$30,306,923. The total revenue from all sources was \$13,473,579 and total expenditures for all services were \$11,224,999 for an entity-wide increase in net position of \$2,248,580.

Total *net* position is comprised of the following:

1. Capital assets, net of related debt of \$28,428,248, includes land, buildings, improvements other than buildings, vehicles, equipment, construction in progress, and infrastructure, net of accumulated depreciation, and reduced for outstanding debt related to the purchase and construction of those capital assets.
2. Net position of (\$3,644,857) of governmental net position represent the portion available to maintain the County's continuing obligation to citizens and creditors. Business-type net position available were \$100,995.

The County's total *net* position increased by \$3,195,586 in fiscal year ended September 30, 2018, with an increase of \$2,986,556 resulting from governmental activities and an increase of \$209,030 resulting from business-type activities. The major increase in net position in governmental activities is due primarily to State road paving grants which is an increase in intergovernmental revenues.

The total revenues from all sources for Governmental Funds Activities were \$12,823,970 while the total costs of all County programs were \$10,796,420.

The County's Proprietary Fund had an increase in net position of \$221,030 prior to operating transfers out of \$12,000, which resulted in an overall increase of net position of \$209,030.

The County's summary of Long-term Liabilities indicates an overall decrease in Long-term debt of \$67,866 with a decrease of \$52,866 for Governmental activities and a reduction of \$15,000 for Business-type activities. The County's total Long-term Debt for Governmental activities was \$9,861,056 and \$518,341 for Business-type activities at year-end.

**LIBERTY COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

The County received \$3,382,925 in Federal and State Grant Programs including \$1,766,789 in operating grants and \$1,616,136 capital grants. The County also received an additional \$4,079,486 in Federal and State shared revenues.

COUNTY HIGHLIGHTS

- Liberty County undertook a project to be funded by a Florida Small Cities Community Development Block Grant (CDBG). Work will consist of installing approximately 11,700 total linear feet of potable water lines with fire hydrants, as well as installing residential water services plumbing connections from the new water meters to the adjacent homes, with well abandonments. The project will be south of Bristol along County Road 12 from approximately NW Johnson Crossing Road and extending south approximately to the NW Zebbie Odom Road, and on CR 379 from CR 12 northeast approximately 4400 feet. Small side roads leading to residences will also be included. In addition to water lines and connections, the grant will fund project engineering and administration. This project is anticipated to close in the County's Fiscal Year 2018-2019.
- The County has received grant funding from the Department of Environmental Protection and Northwest Florida Water Management District, Hosford Well Project #3, for providing an improved water well and water quality for the citizens in the Hosford/Telogia area. This project is anticipated to close (with the new water well actively supplying water to the Hosford/Telogia area) in the County's Fiscal Year 2018-2019.
- The County received a legislative appropriation of \$120,000 to upgrade electrical systems and provide fire alarms in the Liberty County Courthouse. This project closed in the County's Fiscal Year 2017-2018.
- The County received a grant from the Florida Department of Transportation for the construction of a new vehicle maintenance shop, all site work and utility extensions for the Liberty County Transit Maintenance Shop. This project closed in the County's Fiscal Year 2017-2018.
- The County received \$50,000 from Florida Recreation Development Assistance Program (FRDAP) grant for Sumatra Park. The project extended into the County's Fiscal Year 2018-2019. The FRDAP grant will be for renovations of the existing Sumatra Park, to include renovations on the playground equipment and facilities.
- The County received numerous Federal and State Grants that were used for the purposes of repaving roads and the construction of other capital projects. Improved roads include: Kever Road, CR379A, Lake Mystic Church Road, CR120, Talquin Circle, CR67, CR22, CR379, and Neal Subdivision.
- Three separate parcels of land were purchased by/donated to Liberty County for Governmental and Business Type Activities.
- In January 2017, County Voters, by referendum, approved passing a 0.5-cent Emergency Rescue Fire Services and Facilities Surtax. Said revenues were to be used specifically for Emergency Rescue Fire Services and Facilities within Liberty County. An Interlocal agreement was entered between the City of Bristol and Liberty County directing 20 percent of the collected sales tax revenues to the City of Bristol. The tax revenues were utilized to purchase buildings, machinery, equipment and supplies for County Fire Protection Services.
- The County collected \$2,112,426 in Ad Valorem taxes in 2018. This was a slight increase over the amount collected in 2017.

USING THIS ANNUAL REPORT

The County's basic financial statements include three components; 1) Government-wide financial statements, 2) Fund financial statements, and 3) Notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves. A brief description of the different financial statements follows.

**LIBERTY COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

**Government-wide Statements
(The Statement of Net Position and The Statement of Activities)**

The Government-wide financial statements consist of two statements, the Statement of Net Position and the Statement of Activities. The Statement of Net Position presents information on all the County's assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private sector companies, with the difference between the two reported as net position. Net position, the difference between assets and liabilities, are one way to measure the County's financial health, or financial position. Over time, increases or decreases in net position are an indicator of whether the financial health is improving or deteriorating.

The Statement of Activities presents information on all revenues and expenses of the County and shows *how* the County's net position changed during the year. Expenses by major function and program revenues relating to those functions are reported, thus presenting the net cost of all functions provided by the County. In the Statement of Activities governments report their operations as either governmental activities and/or business-type activities. All the County's basic services are considered to be governmental activities. These include general government, public safety, physical environment, transportation, economic environment, human services and culture and recreation. Property taxes, sales taxes, gas taxes and franchise fees finance most of these activities.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to insure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

The Fund Financial Statements provide detailed information about the most significant *funds* – not the County as a whole. The Fund Financial Statements include a Balance Sheet, and a Statement of Revenues, Expenditures and Changes in Fund Balances for each major fund and aggregate nonmajor funds. The County has one Proprietary Fund, the water fund, which accounts for the activities of the County Water System. The County's two remaining types of funds, *governmental* and *fiduciary* use different accounting approaches as explained below.

- *Governmental funds* – Governmental fund presentation is presented on a sources and uses of liquid resources basis. Funds are established for various purposes and fund financial statements allow the demonstration of sources and uses and/or budgeting compliance associated therewith.
- *Fiduciary funds* – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the Government-wide Financial Statements because the resources of those funds are not available to support the County's own programs.

**LIBERTY COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

Government-wide versus Fund Financial

The Government-wide Financial Statements and the Fund Financial Statements provide different pictures of the County. All assets of the County, including buildings, land, roads and bridges are reported in the Statements of Net Position. All liabilities, including principal outstanding on notes payable, capital leases, and future employee benefits obligated but not paid by the County, are included. The Statement of Activities includes depreciation on all long-lived assets of the County, but transactions between the different functions of the County have been eliminated in order to avoid "doubling up" the revenues and expenses. The Fund Financial Statements provide a picture of the major funds of the County and a column for all nonmajor funds. In the case of government activities, outlays for long-lived assets are reported as expenditures and long-term liabilities, such as notes payable, are not included in the Fund Financial Statements. To provide a link from the Fund Financial Statements to the Government-wide Financial Statements, reconciliation is provided from the Fund Financial Statements to Government-wide Financial Statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the County, *current* assets exceed *current* liabilities by \$9,131,286 at the close of the most recent fiscal year.

By far, the largest portion of the County's net position reflects its investment in capital assets, less any related debt to acquire those assets that is still outstanding. At year-end, this amount was \$26,769,403. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. During the year, the County reduced its long-term debt by \$202,214 and incurred an additional \$149,348 as an increase in Employee Compensated Absences payable, equipment lease purchases, and an increase in the landfill closure cost.

An additional portion of the County's net position represents resources that are subject to external restrictions (i.e., Florida Statutes, grant proceeds, etc.). Total restricted assets at year-end were \$5,422,537. This leaves an unrestricted balance of \$(3,644,857) of the County's net position to meet the government's ongoing obligations to citizens and creditors. There was an overall increase in net position of \$2,039,550.

The County added \$3,167,959 in capital assets being depreciated. The County also incurred \$ 1,163,843 in depreciation expense on Governmental activities and \$128,341 on the Water System.

**LIBERTY COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

Comparative Statement of Net Position

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Assets						
Current and						
Other Assets	\$ 9,909,096	\$ 10,960,350	\$ 169,050	\$ 112,889	\$10,078,145	\$ 11,073,239
Capital Assets	27,094,125	25,586,322	2,177,186	2,038,382	29,271,311	27,624,704
Total Assets	37,003,221	36,546,672	2,346,235	2,151,271	39,349,456	38,697,943
Deferred Outflow	3,420,423	3,617,749	0	0	3,420,423	3,617,749
Liabilities						
Current						
Liabilities	777,810	3,060,501	84,054	82,120	861,864	3,142,621
Noncurrent						
Liabilities	9,841,236	10,729,199	502,341	518,341	10,343,576	11,247,540
Total Liabilities	10,619,046	13,789,700	586,395	600,461	11,205,441	14,390,161
Deferred Inflow	1,182,620	814,193	0	0	1,182,620	814,193
Net Position						
Invested in						
Capital Assets						
Net of Debt	26,769,403	24,951,785	1,658,845	1,505,041	28,428,248	26,456,826
Restricted	5,422,537	4,946,920	0	0	5,422,537	4,946,920
Unrestricted	(3,644,857)	(4,338,178)	100,995	45,769	(3,543,862)	(4,292,409)
Total Net Position	\$28,547,083	\$ 25,560,527	\$ 1,759,840	\$1,550,810	\$30,306,923	\$ 27,111,337

**LIBERTY COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

Comparative Statement of Changes in Net Position

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Revenues:						
Program Revenues:						
Charges for Services	\$ 1,421,049	\$ 1,386,982	\$ 391,558	\$ 312,948	\$ 1,812,607	\$ 1,699,930
Operating Grants and Contributions	1,766,789	1,847,104	0	0	1,766,789	1,847,104
Capital Grants and Contributions	1,358,086	1,345,342	258,050	116,770	1,616,136	1,462,112
General Revenues:						
Property Taxes	2,112,426	2,083,481	0	0	2,112,426	2,083,481
Other Taxes	4,079,486	4,077,554	0	0	4,079,486	4,077,554
Other	2,086,135	779,794	0	0	2,086,135	779,794
Total Revenues	<u>12,823,970</u>	<u>11,520,257</u>	<u>649,608</u>	<u>429,718</u>	<u>13,473,579</u>	<u>11,949,975</u>
Expenses:						
Program Expenses:						
General Government	3,658,814	2,607,197	0	0	3,658,814	2,607,197
Public Safety	3,301,112	3,782,529	0	0	3,301,112	3,782,529
Physical Environment	1,163,247	1,106,034	0	0	1,163,247	1,106,034
Transportation	1,765,433	2,718,597	0	0	1,765,433	2,718,597
Economic Environment	15,921	25,818	0	0	15,921	25,818
Human Services	264,846	261,806	0	0	264,846	261,806
Culture and Recreation	320,773	324,961	0	0	320,773	324,961
Court-related	298,970	396,742	0	0	298,970	396,742
Water Fund	0	0	428,579	430,218	428,579	430,218
Interest on Long-term Debt	7,304	5,414	0	0	7,304	5,414
Total Expenses	<u>10,796,420</u>	<u>11,229,099</u>	<u>428,579</u>	<u>430,218</u>	<u>11,224,999</u>	<u>11,659,317</u>
Transfers	12,000	(68,445)	(12,000)	68,447	0	1
Increase in Net Position	<u>2,039,550</u>	<u>222,713</u>	<u>209,030</u>	<u>67,947</u>	<u>2,248,580</u>	<u>290,660</u>
Net Position:						
Beginning of the Year	26,507,533	25,337,814	1,550,810	1,482,864	28,058,343	26,820,678
End of the Year	<u>\$ 28,547,083</u>	<u>\$ 25,560,527</u>	<u>\$ 1,759,841</u>	<u>\$ 1,550,811</u>	<u>\$ 30,306,923</u>	<u>\$ 27,111,338</u>

**LIBERTY COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

FUND FINANCIAL ANALYSIS

The County's overall financial position of the County improved as documented through this report, with an overall increase in total governmental fund balances of \$1,141,778. The County's total governmental fund balances at September 30, 2018, were \$8,932,440. Of this amount, \$3,509,903 (unassigned) may be used to meet the County's ongoing obligations to citizens and creditors.

The *General Fund* is the chief operating fund of the County. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$3,349,805. Total expenditures including transfers out were \$6,339,810. The fund balance at year-end is sufficient to cover about 52% of the total expenditures. Industry standards suggest local governments should consider keeping up to three months (25%) of operating expenditures in reserves. The County is currently keeping a 40% reserve.

GENERAL FUND BUDGETARY HIGHLIGHTS

There were slight differences between the General Fund's original budget and final amended budget. The final amended budget included additions to revenue. The expenditure budget was increased from \$5,446,874 to \$ 5,688,522 and actual expenditures of the General Fund were \$6,019,200. This was \$330,678 under the amount in the final budget. Budgeted transfers out was changed to \$325,898, Actual transfers out were \$320,610 a difference of \$5,288. Actual revenues were over the amounts of the amended budget, and the net change in fund balance was an increase of \$562,892.

CAPITAL ASSETS AND DEBT MANAGEMENT

Capital Assets

The County's investment in capital assets for its governmental activities as of September 30, 2018, exceeded \$26,769,403 (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment, and infrastructure, net of depreciation. Major capital asset events during the current fiscal year included the following:

Additions of \$3,167,959 in depreciable assets and deletions of \$459,697.
A decrease in accumulated depreciation of \$1,163,843.

See the notes to the financial statements for additional information on capital assets.

**LIBERTY COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

Long-Term Debt

As previously stated, for the fiscal year ended September 30, 2018, the County's long-term debt consisted of bonds payable on the Water System, mortgage payable on the Hosford Fire Station, the financing of a garbage truck, the lease of a semi-truck for the Road and Bridge Department, the estimated landfill post closure costs, the liability for post-employment benefits, employee compensated absences. In addition, the most significant increase in the County's debt position, \$7,145,455 is due to the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. This statement requires governmental entities to disclose on their Statement of Net Position their portion of the unfunded liability of the pension plan. For Liberty County that is the Florida Retirement System (FRS). See the notes to the financial statements for additional information on long-term debt.

ECONOMIC FACTORS AND FUTURE FINANCIAL CONDITION

The County primarily relies on Ad Valorem taxes, a limited array of other taxes (sales, gasoline, etc.), state-shared revenues (mainly from Florida's sales tax collections) and fees (building permits, franchise, ambulance user charges, etc.) for its governmental activities. Revenues from these sources have not kept pace with the demand for services and the increased costs, especially in the retirement, employee health insurance and workers' compensation categories. Even though the national inflation rate was under 3% this past year, the County experienced double-digit percentage increases in the above-mentioned categories.

Other key factors impacting the County's financial condition are:

- Many Communities in Florida have realized significant decreases in the taxable value of property due to the downturn in the housing markets; Liberty County was not as affected as many of the coastal communities were. However, they were not immune to the market forces although new housing starts are up. The County is constantly trying to find ways to balance the budget and still maintain a satisfactory level of service.
- The County and the City of Bristol, with the assistance of Federal and State grant programs have made significant improvements and additions to the infrastructure of the County in the areas of road paving, emergency preparedness and the weatherization of houses. These additions have helped to maintain the taxable value of the County.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the money it receives and manages. If you have questions about this report or need additional financial information, contact the Liberty County Finance Office, Highway 20, P.O. Box 399, Bristol, Florida 32321.

LIBERTY COUNTY, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2018

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
Assets			
Current Assets:			
Cash	\$ 5,136,725	\$ 0	\$ 5,136,725
Investments	3,514,051	0	3,514,051
Accounts Receivables, Net	106,032	32,842	138,874
Internal Balances	922	111,196	112,118
Due from Other Governments	1,021,748	25,012	1,046,760
Prepaid Items	129,618	0	129,618
Total Current Assets	9,909,096	169,050	10,078,145
Noncurrent Assets:			
Capital Assets:			
Nondepreciable	(390,002)	410,666	20,664
Depreciable, Net	27,484,127	1,766,520	29,250,647
Total Noncurrent Assets	27,094,125	2,177,186	29,271,311
Total Assets	37,003,221	2,346,235	39,349,456
Deferred Outflows of Resources			
Pension Related	3,420,423	0	3,420,423
Liabilities			
Current Liabilities:			
Accounts Payable and Accrued Expenses	238,563	5,078	243,640
Internal Balances	92,607	0	92,607
Due to Individuals	2,877	0	2,877
Due to Other Governments	34,632	0	34,632
Customer Deposits	0	62,977	62,977
Unearned Revenue	389,311	0	389,311
Bonds and Notes Payable	0	16,000	16,000
Accrued Compensated Absences	19,820	0	19,820
Estimated Landfill Closure Costs	8,528	0	8,528
Total Current Liabilities	777,810	84,054	870,392
Noncurrent Liabilities:			
Bonds and Notes Payable	324,722	502,341	827,062
Accrued Compensated Absences	252,559	0	252,559
Estimated Landfill Closure Costs	482,347	0	482,347
Other Postemployment Benefits Obligations	1,636,153	0	1,636,153
Net Pension Liability	7,145,455	0	7,145,455
Total Noncurrent Liabilities	9,841,236	502,341	10,343,576
Total Liabilities	10,619,046	586,395	11,213,969
Deferred Inflows of Resources			
Pension Related	1,182,620	0	1,182,620
OPEB	74,895	0	0
Net Position			
Invested in Capital Assets, Net of Related Debt	26,769,403	1,658,845	28,428,248
Restricted	5,422,537	0	5,422,537
Unrestricted	(3,644,857)	100,995	(3,543,862)
Total Net Position	\$ 28,547,083	\$ 1,759,840	\$ 30,306,923

See accompanying notes to Financial Statements

**LIBERTY COUNTY, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- Type Activities	Total
Governmental Activities:							
General Government	\$ 3,658,814	\$ 245,906	\$ 58,847	\$ 120,000	\$ (3,234,061)	\$ 0	\$ (3,234,061)
Public Safety	3,301,112	417,610	467,110	70,150	(2,346,242)	0	(2,346,242)
Physical Environment	1,163,247	460,395	596,063	0	(106,788)	0	(106,788)
Transportation	1,765,433	36,190	423,885	1,167,935	(137,422)	0	(137,422)
Economic Environment	15,921	0	0	0	(15,921)	0	(15,921)
Human Services	264,846	0	0	0	(264,846)	0	(264,846)
Court Related	298,970	214,099	220,883	0	136,012	0	136,012
Culture and Recreation	320,773	46,849	0	0	(273,924)	0	(273,924)
Interest on Long-term Debt	7,304	0	0	0	(7,304)	0	(7,304)
Total Governmental Activities	10,796,420	1,421,049	1,766,789	1,358,086	(6,250,497)	0	(6,250,497)
Business- Type Activities							
Water Fund	428,579	391,558	0	258,050	0	221,030	221,030
Total Primary Government	\$ 11,224,999	\$ 1,812,607	\$ 1,766,789	\$ 1,616,136	\$ (6,250,497)	\$ 221,030	\$ (6,029,467)

General Revenues

Taxes:			
Property Taxes	\$ 2,112,426	\$ 0	\$ 2,112,426
Franchise and Utility Taxes	340,835	0	340,835
Discretionary Sales Surtax	747,036	0	747,036
Local Option Gas Tax	872,921	0	872,921
Federal Payment in Lieu of Taxes	1,003,359	0	1,003,359
Sales Tax and Other Shared Revenues	2,118,693	0	2,118,693
Investment Earnings	318,811	0	318,811
Miscellaneous	763,966	0	763,966
Loss on Disposal of Assets		0	0
Transfers	12,000	(12,000)	0
Total General Revenues and Transfers	8,290,047	(12,000)	8,278,047
Change in Net Position	2,039,550	209,030	2,248,580
Net Position Beginning of Year (As Restated)	26,507,533	1,550,810	28,058,343
Net Position End of Year	\$ 28,547,083	\$ 1,759,840	\$ 30,306,923

See accompanying notes to Financial Statements

LIBERTY COUNTY, FLORIDA
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2018

	General Fund	Transportation Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Cash	\$ 4,232,581	\$ 50,255	\$ 0	\$ 853,889	\$ 5,136,725
Investments	497,869	2,158,546	0	857,636	3,514,051
Receivables (Net)	479	1,807	0	103,746	106,032
Prepaid Items	129,618	0	0	0	129,618
Due from Other Funds	(1,494,425)	604,368	0	890,979	922
Due from Other Governments	444,549	221,570	0	355,630	1,021,748
Due from Individuals	0	0	0	0	0
Total Assets	3,810,670	3,036,546	0	3,061,879	9,909,096
Liabilities and Fund Balances					
Liabilities					
Payables and Accrued Expenses	182,804	3,034	0	52,725	238,563
Due to Individuals	2,877	0	0	0	2,877
Internal Balances	0	0	0	0	0
Due to Other Funds	0	0	0	92,607	92,607
Due to Other Governments	0	0	0	34,632	34,632
Deferred Revenues	40,450	0	0	348,862	389,311
Total Liabilities	226,131	3,034	0	528,826	757,990
Deferred Inflows of Resources					
Unavailable Resources	158,260	31,306	0	29,101	218,667
Fund Balances					
Nonspendable	0	0	0	0	0
Restricted	76,475	3,002,207	0	2,343,855	5,422,537
Committed	0	0	0	0	0
Assigned	0	0	0	0	0
Unassigned	3,349,805	0	0	160,098	3,509,903
Total Fund Balances	3,426,280	3,002,207	0	2,503,953	8,932,440
Total Liabilities and Fund Balances	\$ 3,810,670	\$ 3,036,546	\$ 0	\$ 3,061,879	\$ 9,909,096

See accompanying notes to Financial Statements

LIBERTY COUNTY, FLORIDA
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2018

Total Fund Balances of Governmental Funds	\$ 8,932,440
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**Amounts Reported for Governmental Activities in the Statement
of Net Position are Different Because:**

Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	27,094,125
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Receivables that do not provide current financial resources are reported as deferred inflows of resources in the governmental funds.	218,667
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Certain pension related amounts are being deferred and amortized over a period of years or are being deferred as contributions to the plan made after the measurement date:

Deferred Outflows Related to Pensions	3,420,423	
Deferred Inflows Related to Pensions	(1,182,620)	
Deferred Inflows Related to OPEB	(74,895)	2,162,908

Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.

Long-term liabilities at year-end consist of:

Bonds and Installment Notes Payable	(208,722)	
Lease Purchase Agreement	(116,000)	
Accrued Other Postemployment Benefits Obligation	(1,636,153)	
Accrued Compensated Absences	(272,379)	
Estimated Landfill Postclosure Costs	(482,347)	
Net Pension Liability	(7,145,455)	(9,861,056)

Total Net Position of Governmental Activities	\$ <u>28,547,083</u>
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LIBERTY COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	General Fund	Transportation Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Revenues					
Taxes	\$ 3,173,960	\$ 290,315	\$ 0	\$ 0	\$ 3,464,274
Licenses and Permits	38,729	0	0	0	38,729
Intergovernmental	2,881,950	1,437,329	679,916	1,883,571	6,882,766
Charges for Services	511,174	36,190	0	940,788	1,488,153
Fines and Forfeitures	74,075	0	0	144,157	218,232
Miscellaneous	143,960	534,771	16,467	58,456	753,654
Total Revenues	6,823,847	2,298,605	696,383	3,026,972	12,845,808
Expenditures					
Current:					
General Government	2,261,562	0	0	45,220	2,306,782
Public Safety	2,448,018	0	0	585,639	3,033,656
Physical Environment	81,174	0	0	1,042,989	1,124,163
Transportation	0	1,267,487	0	407,821	1,675,309
Economic Environment	15,088	0	0	0	15,088
Human Services	262,841	0	0	0	262,841
Culture and Recreation	259,828	0	0	0	259,828
Court Related	0	0	0	315,038	315,038
Debt Service:					
Principal Payments	4,282	134,646	0	26,447	165,375
Interest	4,768	412	0	2,124	7,304
Capital Outlay	681,640	1,594,653	0	395,354	2,671,646
(Total Expenditures)	(6,019,200)	(2,997,198)	0	(2,820,631)	(11,837,030)
Excess (Deficiency) of Revenues Over (Under) Expenditures	804,647	(698,593)	696,383	206,341	1,008,778
Other Financing Sources (Uses)					
Operating Transfers in	78,855	2,464,853	0	387,642	2,931,350
Operating Transfers out	(320,610)	(60,000)	(2,051,858)	(486,882)	(2,919,350)
Issuance of Debt	0	121,000	0	0	121,000
Total Other Financing Sources (Uses)	(241,755)	2,525,853	(2,051,858)	(99,240)	133,000
Net Change in Fund Balances	562,892	1,827,260	(1,355,475)	107,101	1,141,778
Fund Balances, Beginning of Year	2,863,388	1,174,947	1,355,475	2,396,853	7,790,661
Fund Balances, End of Year	\$ 3,426,280	\$ 3,002,207	\$ 0	\$ 2,503,953	\$ 8,932,440

See accompanying notes to Financial Statements

LIBERTY COUNTY, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

**Differences in Amounts Reported for Governmental Activities in the
Statement of Activities on Page 13:**

Net Change in Fund Balances - Total Governmental Funds.		\$ 1,141,778
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:		
Expenditures for Capital Assets	\$ 2,671,646	
Less: Current Year Depreciation	<u>(1,163,843)</u>	1,507,803
Issuance of debt is not a revenue		(121,000)
Repayment of long-term debt is reported as an expenditure in the governmental fund but as a reduction of long-term liabilities in the statement of net position.		165,375
Receivables that do not provide current financial resources are reported as Deferred inflows of resources in the governmental fund.		(18,668)
Certain pension related amounts are being deferred and amortized over a period of years or are being deferred as contributions to the plan made after the measurement date:		
Deferred Inflows Related to Pensions	(368,427)	
Deferred Outflows Related to Pensions	(197,326)	(640,648)
Deferred Inflows Related to OPEB	(74,895)	
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:		
Compensated Absences	(19,820)	
Other Postemployment Benefits	34,842	
Landfill Postclosure Costs	(8,528)	
Net Pension Liability	(1,585)	<u>4,909</u>
Change in Net Position of Governmental Activities		<u>\$ 2,039,550</u>

See accompanying notes to Financial Statements

LIBERTY COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues				
Taxes	\$ 2,370,522	\$ 2,435,459	\$ 3,173,960	\$ 738,501
Licenses and Permits	18,096	21,716	38,729	17,013
Intergovernmental Revenues	2,771,384	3,288,951	2,881,950	(407,001)
Fines and Forfeitures	28,256	30,132	511,174	481,042
Charges for Services	105,678	132,683	74,075	(58,608)
Miscellaneous Revenues	7,358	26,624	143,960	117,336
Total Revenues	5,301,294	5,935,565	6,823,847	888,282
Expenditures				
Current:				
General Government	2,532,648	2,300,649	2,947,970	647,321
Public Safety	2,165,588	2,606,729	2,448,018	(158,711)
Physical Environment	88,544	89,016	81,174	(7,842)
Transportation	0	0	0	0
Economic Environment	16,194	16,194	15,088	(1,106)
Human Services	327,659	334,340	262,841	(71,499)
Culture and Recreation	316,241	341,594	259,828	(81,766)
Debt Service:				
Principal	0	0	0	0
Interest	0	0	4,282	4,282
(Total Expenditures)	(5,446,874)	(5,688,522)	(6,019,200)	330,678
Excess of Revenues Over				
Expenditures	(145,580)	247,043	804,647	557,604
Other Financing Sources (Uses)				
Operating Transfers in	78,855	78,855	78,855	0
Operating Transfers out	(304,467)	(325,898)	(320,610)	5,288
Total Other Financing Sources (Uses)	(225,612)	(247,043)	(241,755)	5,288
Net Change in Fund Balance	(371,192)	0	562,892	562,892
Fund Balance, Beginning of Year	371,192	0	2,863,388	2,863,388
Fund Balance, End of Year	\$ 0	\$ 0	\$ 3,426,280	\$ 3,426,280

See accompanying notes to Financial Statements

LIBERTY COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - TRANSPORTATION FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues				
Taxes	\$ 0	\$ 0	\$ 290,315	\$ 290,315
Licenses and Permits	50	50	0	(50)
Intergovernmental Revenues	2,901,012	8,829,130	1,437,329	(7,391,801)
Charges for Services	22,370	31,415	36,190	4,775
Miscellaneous Revenues	5,248	18,781	534,771	515,990
Total Revenues	<u>2,928,680</u>	<u>8,879,376</u>	<u>2,298,605</u>	<u>(6,580,771)</u>
Expenditures				
Current:				
Transportation	3,975,093	9,882,728	2,862,140	(7,020,588)
Debt Service:				
Principal	0	0	134,646	134,646
Interest	0	0	412	412
(Total Expenditures)	<u>3,975,093</u>	<u>9,882,728</u>	<u>2,997,198</u>	<u>(6,885,530)</u>
(Deficiency) of Revenues (Under)				
Expenditures	<u>(1,046,413)</u>	<u>(1,003,352)</u>	<u>(698,593)</u>	<u>304,759</u>
Other Financing Sources (Uses)				
Operating Transfers in	1,106,413	1,063,352	2,464,853	1,401,501
Operating Transfers (out)	(60,000)	(60,000)	(60,000)	0
Issuance of Debt	0	0	121,000	121,000
Total Other Financing Sources (Uses)	<u>1,046,413</u>	<u>1,003,352</u>	<u>2,525,853</u>	<u>1,401,501</u>
Net Change in Fund Balance	0	0	1,827,260	1,706,260
Fund Balance, Beginning of Year	<u>0</u>	<u>0</u>	<u>1,174,947</u>	<u>1,174,947</u>
Fund Balance, End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 3,002,207</u>	<u>\$ 2,881,207</u>

See accompanying notes to Financial Statements

LIBERTY COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - CAPITAL PROJECT FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues				
Taxes	\$ 0	\$ 0	\$ 0	\$ 0
Licenses and Permits	0	0	0	0
Intergovernmental Revenues	636,726	636,726	679,916	43,190
Charges for Services	0	0	0	0
Miscellaneous Revenues	23,026	23,026	16,467	(6,559)
Total Revenues	<u>659,752</u>	<u>659,752</u>	<u>696,383</u>	<u>36,631</u>
Expenditures				
Current:				
Transportation	9,395	9,395	0	(9,395)
Debt Service:				
Principal	0	0	0	0
Interest	0	0	0	0
(Total Expenditures)	<u>9,395</u>	<u>9,395</u>	<u>0</u>	<u>(9,395)</u>
(Deficiency) of Revenues (Under)				
Expenditures	<u>650,357</u>	<u>650,357</u>	<u>696,383</u>	<u>46,026</u>
Other Financing Sources (Uses)				
Operating Transfers in	0	0	0	0
Operating Transfers (out)	(650,357)	(650,357)	(2,051,858)	(1,401,501)
Total Other Financing Sources (Uses)	<u>(650,357)</u>	<u>(650,357)</u>	<u>(2,051,858)</u>	<u>(1,401,501)</u>
Net Change in Fund Balance	0	0	(1,355,475)	0
Fund Balance, Beginning of Year	<u>0</u>	<u>0</u>	<u>1,355,475</u>	<u>0</u>
Fund Balance, End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

See accompanying notes to Financial Statements

LIBERTY COUNTY, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUND
SEPTEMBER 30, 2018

	Water Fund
Assets	
Current Assets	
Accounts Receivables (Net of Allowance for Doubtful Accounts)	\$ 32,842
Due from Other Funds	111,196
Due from Other Governments	25,012
Total Current Assets	<u>169,050</u>
Noncurrent Assets	
Restricted Cash and Cash Equivalents	
Capital Assets:	
Land and Land Improvements	410,666
Depreciable Buildings, Property and Equipment, Net	1,766,520
Total Noncurrent Assets	<u>2,177,186</u>
Total Assets	<u>2,346,235</u>
Liabilities	
Current Liabilities	
Accounts Payable and Accrued Liabilities	5,078
Due to Other Funds	0
Total Current Liabilities	<u>5,078</u>
Payable from Restricted Assets	
Current Portion of Long-term Obligations	16,000
Customer Deposits	62,977
Total Payable from Restricted Assets	<u>78,977</u>
Noncurrent Liabilities	
Noncurrent Portion of Long-term Obligations	502,341
Total Noncurrent Liabilities	<u>502,341</u>
Total Liabilities	<u>586,395</u>
Net Position	
Invested in Capital Assets, Net of Related Debt	1,658,845
Unrestricted	100,995
Total Net Position	<u>\$ 1,759,840</u>

See accompanying notes to Financial Statements

LIBERTY COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Water Fund
Operating Revenues	
Charges for Services	\$ 391,558
Operating Expenses	
Personal Services	163,652
Electricity	27,004
Depreciation	128,341
Other Operating Expenses	84,217
(Total Operating Expenses)	(403,214)
Operating (Loss)	(11,655)
Nonoperating (Expenses)	
Interest Expense	(25,365)
(Loss) Before Capital Grants and Operating Transfers	(37,020)
Capital Grants and Operating Transfers	
Capital Grants	258,050
Transfers In	0
Transfers Out	(12,000)
Total Capital Grants and Operating Transfers	246,050
Increase (Decrease) in Net Position	209,030
Net Position, Beginning of Year	1,550,810
Net Position, End of Year	\$ 1,759,840

See accompanying notes to Financial Statements

**LIBERTY COUNTY, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	Water Fund
Cash Flows from Operating Activities	
Cash Received from Customers and Others	\$ 328,581
Cash Paid to Employees	(163,652)
Cash Paid to Suppliers	(103,470)
Net Cash Provided by (Used in) Operating Activities	<u>61,460</u>
Cash Flows from Noncapital Financing Activities	
Amounts Received from Other Funds	0
Operating Transfers In	0
Operating Transfers Out	(12,000)
Net Cash Provided by (Used in) Noncapital Financing Activities	<u>(12,000)</u>
Cash Flows from Capital and Related Financing Activities	
Capital Grants	258,050
Principal Payments on Bonds	(15,000)
Interest Payments on Bonds	(25,365)
Purchase of Fixed Assets	(267,145)
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>(49,460)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	0
Cash and Cash Equivalents, Beginning of Year	<u>0</u>
Cash and Cash Equivalents, End of Year	<u><u>0</u></u>
Total Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities	<u><u>0</u></u>
Cash Flows from Operating Activities	
Operating Income (Loss)	(11,655)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities	
Depreciation	128,341
Changes in Assets - Decrease (Increase) and Liabilities - Increase (Decrease):	
Accounts Receivable, Net	7,189
Due From Other Funds	23,960
Due From Other Governments	25,012
Accounts Payable	(1,537)
Customer Deposits	2,472
Net Cash Provided by (Used in) Operating Activities	<u><u>\$ 173,782</u></u>

See accompanying notes to Financial Statements

LIBERTY COUNTY, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION
PROPRIETARY FUND
SEPTEMBER 30, 2018

	Agency Funds
Assets	
Cash	\$ 185,349
Due from Other Funds	0
Due from Other Governments	<u>0</u>
Total Assets	<u><u>185,349</u></u>
Liabilities	
Due to Individuals	14,352
Due to Other Funds	19,511
Unremitted Collections	<u>95,996</u>
Total Liabilities	<u><u>\$ 129,859</u></u>

See accompanying notes to Financial Statements

NOTES TO BASIC FINANCIAL STATEMENTS

LIBERTY COUNTY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

Note 1 - Reporting Entity

Liberty County, Florida, (the County) is a political subdivision of the State of Florida created under the Constitution of the State of Florida. The County provides services to its residents in many areas including general government, public safety, physical environment, transportation, economic environment, human services, and culture and recreation. It is governed by a five-member elected Board of County Commissioners (the Board), which derives its authority by Florida Statutes and regulations. In addition to the members of the Board, there are five elected Constitutional Officers: Clerk of the Circuit Court, Sheriff, Tax Collector, Property Appraiser and Supervisor of Elections. The Constitutional Officers maintain separate accounting records and budgets. The Board and Constitutional Officers provide the following services: public safety (police, fire and rescue), highways and streets, sanitation, water, health and social services, culture/recreation, public improvements, planning and zoning, and general administrative services.

In accordance with the provisions of generally accepted accounting standards, these financial statements present the financial position, results of operations, and cash flows of the applicable fund types governed by the Board of County Commissioners of Liberty County, Florida. As required by the Governmental Accounting Standards Board (GASB) Statement 14, as amended by GASB Statement 39, these financial statements include the operations of the Board and the Constitutional Officers. In addition, each Constitutional Officer has separately issued financial statements.

The accompanying financial statements present the primary government only since there are no component units for which the primary government is considered to be financially accountable.

The Board funds a portion, or in certain instances, all of the operating budgets of the County's Constitutional Officers. Florida Statutes require the applicable budget excess of the Constitutional Officers to be remitted back to the Board at the close of the fiscal year.

Note 2 - Summary of Significant Accounting Policies

The accounting policies of the County conform to generally accepted accounting principles (GAAP) as applicable to governments. The following is a summary of the more significant policies:

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

LIBERTY COUNTY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

Note 2 - Summary of Significant Accounting Policies (continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The underlying accounting system of the County is organized and operated on the basis of separate funds. A fund is a group of related accounts that are used to maintain control over resources that have been segregated for specific activities or purposes. Fund accounting is used to ensure and demonstrate compliance with legal, legislative contractual and other finance-related provisions. All of the funds of the County may be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

The County-wide General Fund is comprised of the following six sub funds: Board of County Commissioners, Clerk of the Circuit Court, Property Appraiser, Sheriff, Supervisor of Elections, and Tax Collector. In order to comply with the generally accepted accounting principles, the actual interfund activity has been consolidated in order to eliminate inflated amounts in the aggregate financial statements of the County-wide General Fund.

The County's major funds are reported as separate columns in the fund financial statements, and non-major funds are aggregated and presented as a single column on each statement. Fund financial statements are presented after the government-wide financial statements. A reconciliation is provided that converts the results of governmental fund accounting to the government-wide presentation.

The County's fiduciary funds are presented in the fund financial statements. Since, by definition, these assets are being held for the benefit of a third party (other local governments, private parties, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

GASB Statement 34 sets forth minimum criteria for determination of what are to be considered major funds for financial statement presentation. The County has used GASB 34 minimum criteria for major fund determination. The non-major funds are combined into one column in the respective fund financial statements.

The County reports the following major governmental funds:

- **General Fund-** The general fund is the County's primary operating fund, and the Constitutional Officers' primary operating fund. It accounts for all resources traditionally associated with governments except those required to be accounted for in another fund.
- **Transportation Fund-** This fund accounts for fuel tax revenues, charges for services and grants for the construction and maintenance of road projects to be expended for activities related to the County transportation system.
- **Capital Projects Fund-** This fund accounts for the constitutional gas taxes collected for paving and maintenance of the County road system, the gas taxes collected are transferred to the Transportation fund.

LIBERTY COUNTY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

Note 2 - Summary of Significant Accounting Policies (continued)

The County also reports one proprietary fund, the water fund, which accounts for the activities of the County water system. In addition, the County reports a fiduciary fund, which consists of agency funds which are used to account for the collection and disbursement of monies received by the County on behalf of other governments and individuals.

The accounting policies of the County conform to generally accepted accounting principles as applicable to governments in accordance with the Government Accounting Standards Board (GASB). GASB is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

The government-wide financial statements, as well as the proprietary fund financial statements, are prepared on a full accrual basis using the economic resources measurement focus. Revenues are recorded when earned and The Fiduciary Funds consist of Agency Funds only. Agency funds are prepared on a full accrual basis, but do not have a measurement focus. Basis of accounting refers to when revenues and expenditures, or expenses, are recognized in the accounts, activities and funds. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Expenses are recorded when a liability is incurred. Property taxes are recognized in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all of the eligibility requirements have been met

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to landfill closure, compensated absences and other postemployment benefits are recorded only when payment is due.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Non-Operating revenues are not related to operations and include interest income and grants. Non-operating expenses are not related to operations, such as interest expense.

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

LIBERTY COUNTY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

Note 2 - Summary of Significant Accounting Policies (continued)

Enterprise Activities

For enterprise activities, the County applies all applicable Governmental Accounting Standards Board (GASB) pronouncements. Additionally, the County applies pronouncements issued on or before November 30, 1989, by the Financial Accounting Standards Board (FASB) and its predecessor bodies, unless those pronouncements conflict with or contradict GASB pronouncements. Pursuant to GASB Statement No. 20, the County has elected not to apply all FASB Statements and Interpretations issued after November 30, 1989.

Budgets and Budgetary Accounting

The annual budget, formally adopted by the board of County Commissioners, serves as the legal authorization for expenditures. Legal budgetary authority and control is established on a fund basis in accordance with Florida Statutes, however, operational control for management purposes is maintained during the year at the lower of the department or fund level. The adopted budget can only be changed by a budget amendment or a budget supplement. Management can transfer appropriations within a fund without the Board of County Commissioners approval unless the transfer affects a budgeted reserve.

Pursuant to Florida Statutes budget amendments require the approval of the board of County Commissioners whenever the effect of the amendment is to increase the total appropriations of the fund, to transfer monies between the funds, or to transfer budgeted reserve funds. The total of the estimated receipts, including balances brought forward, must equal the total of the appropriations and reserves, therefore enabling a balanced budget. During the budgeting process, budgets are prepared on a basis consistent with generally accepted accounting principles. All appropriations lapse at year-end.

The original budget is the first complete appropriated budget. The final budget is the original budget adjusted by all reserves, transfers, allocations, supplemental appropriations and other legally authorized executive changes applicable to the fiscal year, whenever legally authorized.

Cash

The County considers cash and cash equivalents for its statement of cash flows to include cash held in its checking and savings accounts.

Investments

Investments consist of certificates of deposit with original holding maturities of six months or longer. These amounts are stated at cost which approximates fair value.

Receivables

Receivables are shown at their net realizable value and reduced by an allowance for uncollectible accounts.

LIBERTY COUNTY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

Note 2 - Summary of Significant Accounting Policies (continued)

Due from (to) Other Funds

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Prepaid Items

Certain payments to vendors are made in advance of the accounting period to which the cost related. These payments are reported under the allocation method, i.e., an asset is established at the date of the payment and subsequently amortized over the account periods and are expected to benefit from the initial payment. The Prepaid balances reported on the governmental funds balance sheet are offset by a nonspendable fund balance classification which indicates these balances do not constitute "available resources."

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, right-of-ways, storm-water system, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one year. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its useful life are expensed as incurred.

Property, plant, and equipment are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Machinery and Equipment	5-20
Infrastructure	15-25
Plant	30
Improvements to Plant	40

Major outlays for capital assets and improvements are capitalized as projects are constructed. No interest was capitalized in the enterprise fund during the current year. For assets constructed with governmental fund resources, interest during construction is not capitalized. In accordance with the provisions of GASB Statement No. 34, the County has elected not to retroactively report major infrastructure constructed prior to October 1, 2003.

Deferred Revenues

Deferred revenues reported in the government-wide financial statements represent unearned revenues. The deferred revenues will be recognized as revenue in the fiscal year they are earned in accordance with the accrual basis of accounting. Deferred revenues reported in governmental fund financial statements represent unearned revenues or revenues which are measurable but not available, and in accordance with the modified accrual basis of accounting, are reported as deferred revenues.

LIBERTY COUNTY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

Note 2 - Summary of Significant Accounting Policies (continued)

Long-Term Obligations

In the government-wide financial statements and the proprietary fund in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net position.

Deferred Inflows/Outflows of Resources

Deferred inflows of resources reported on applicable governmental fund types represent revenues which are measurable but not available in accordance with the modified accrual basis of accounting. The deferred inflows will be recognized as revenue in the fiscal year they are earned or become available. Deferred outflows of resources represent consumption of net position that is applicable to a future reporting period. Deferred outflows have a positive effect on net position, similar to assets.

Pension and OPEB Related- Pension related and OPEB related Deferred Inflows and Outflows represent the difference between expected and actual experience with regard to economic or demographic factors and changes to assumptions in the measurement of total pension liability, and the differences between expected and actual earnings on pension plan investments, and changes in the County's proportionate share of pension contributions. The Deferred Inflows for OPEB are represent changes in assumptions. These amounts are reported as deferred inflows and outflows of resources, to be recognized in expense over time. Also included in deferred outflows are amounts contributed to the pension plans subsequent to the measurement date. See Note 9 for more information on Pension Related Deferred Inflows and Outflows.

Unavailable Revenues- Unavailable revenues are revenues which are measurable, but not available because they have not been received within the County's period of availability. These revenues are deferred and recorded as deferred outflows of resources in governmental funds financial statements.

Compensated Absences

Upon retirement or resignation, employees may be paid a cash benefit equal to the number of vacation hours accrued up to a maximum amount, based upon the employee's current wage rate. Upon retirement or resignation in good standing, employees are paid a portion of accumulated sick leave. These benefits, plus their related tax and retirement costs are classified as compensated absences. The portion is payable at various percentages depending on years of service and the governmental office of the employee.

Both the current and long-term portion of compensated absences are accrued and reported in the government-wide financial statements. No expenditure is reported in the government fund level statements for these amounts until payment is made. Compensated absences liability is based on current rates of pay. This is accounted for pursuant to GASB Statement No. 16, *Accounting for Compensated Absences*.

Postemployment Benefits Other than Pension Benefits (OPEB)

The County participates and administers an agent single-employer plan under which qualified retired employees are permitted to participate in the health insurance benefits program. Additional information on the County's OPEB liability can be found in Note 10.

LIBERTY COUNTY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

Note 2 - Summary of Significant Accounting Policies (continued)

Property Taxes

Under Florida law, the assessment of all properties and the collection of all county, municipal and school board property taxes are consolidated in the offices of the Property Appraiser and Tax Collector. The laws of the state regulating tax assessment are also designed to assure a consistent property valuation method state-wide. Florida Statutes permit counties to levy property taxes at a rate of up to 10 mills for general operations. The tax levy rate for general operations of the County for the year ended September 30, 2018, was 10 mills.

The tax levy of the County is established by the Board prior to October 1 of each year and the Property Appraiser incorporates the County mileages into the total tax levy, which includes the various municipalities, the County school board, and other taxing authorities.

All property is assessed according to its fair market value January 1 of each year. Each assessment roll is submitted to the Executive Director of the Florida Department of Revenue for review to determine if the rolls meet all of the appropriate requirements of Florida Statutes.

All taxes become payable on November 1 of each year, or as soon thereafter as the assessment roll is certified and delivered to the Tax Collector. All unpaid taxes become delinquent on April 1 following the year in which they are assessed. Discounts are allowed for early payment at the rate of 4% in the month of November, 3% in the month of December, 2% in the month of January and 1% in the month of February. Taxes paid in March are without discount.

On or prior to June 1, following the tax year, tax certificates are sold for all delinquent taxes on real property. After sale, tax certificates bear interest of 18% per year or at any lower rate bid by the buyer. Application for a tax deed on any unredeemed tax certificates may be made by the certificate holder after a period of two years. Unsold tax certificates are held by the County.

Governmental Fund Balance Classifications

Governmental fund balances are classified either as non-spendable or spendable. Spendable fund balances are further classified in a hierarchy based on the extent to which constraints are placed on the spending of these fund balances. Fund balances are reported in the governmental fund statements in the following classifications:

Non-spendable Fund Balance

- **Non-spendable** – This component of fund balance consists of amounts that cannot be spent because (a) they are not expected to be converted to cash or (b) they are legally or contractually required to remain intact. Examples of this classification are prepaid items.

LIBERTY COUNTY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

Note 2 - Summary of Significant Accounting Policies (continued)

Spendable Fund Balance

- **Restricted** – This component of fund balance consists of amounts that are constrained either (a) externally by third parties, (creditors, grantors, contributors, or laws or regulations of other governments), or (b) by law through constitutional provisions or enabling legislation.
- **Committed** – This component of fund balance consists of amounts that can be used for specific purposes pursuant to constraints imposed by formal action (e.g., ordinance or resolution) of the organization's governing authority (the Board). These committed amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action (e.g., ordinance or resolution) employed to constrain those amounts.
- **Assigned** – This component of fund balance consists of amounts that are constrained by a less-than-formal action of the organization's governing authority, or by an individual or body to whom the governing authority has delegated this responsibility. In addition, residual balances in capital projects and debt service funds are considered assigned for the general purpose of respective fund.
- **Unassigned** – This classification is used for (a) negative unrestricted fund balances in any governmental fund, or (b) fund balances within the general fund that are not restricted, committed, or assigned.
- **Flow Assumption**
When both restricted and unrestricted resources are available for use, it is the Board's policy to use restricted resources first, then unrestricted resources (committed, assigned, and unassigned) as they are needed. When unrestricted resources (committed, assigned, and unassigned) are available for use in any governmental fund, it is the Board's policy to use committed resources first, then assigned, and then unassigned as needed.

Restricted Cash and Investments

Cash and investments of \$365,206 in the landfill special revenue fund were restricted for landfill closure purposes.

Encumbrances

Encumbrances represent commitments in the form of purchase orders which are chargeable to an appropriation and for which a part of the appropriation is reserved. Encumbrances do not represent expenditures or liabilities. The County does not record encumbrances outstanding at year-end.

Impact on Recently Issued Accounting Pronouncements

In Fiscal Year 2018, the County adopted four new statements of financial accounting standards issued by the Governmental Accounting Standards Board ("GASB"):

- GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB 75)
- GASB Statement No. 81, *Irrevocable Split-Interest Agreements* (GASB 81)
- GASB Statement No. 85, *Omnibus 2017* (GASB 85)
- GASB Statement No. 86, *Certain Debt Extinguishment Issues* (GASB 86)

LIBERTY COUNTY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

Note 2 - Summary of Significant Accounting Policies (concluded)

GASB 75 established new accounting and financial reporting requirements for governments whose employees are provided with OPEB, as well as certain nonemployer governments that have a legal obligation to provide financial support for OPEB provided to employees of other entities. The adoption of GASB 75 had no impact on the Property Appraiser's governmental fund financial statements.

GASB 81 provided accounting and financial reporting guidance for irrevocable split-interest agreements in which a government is a beneficiary and required a government recognize assets representing the beneficial interest in the irrevocable split-interest agreement administered by a third party if the government controls the present service capacity of the beneficial interests. There was no material impact on the Property Appraiser's financial statement as a result of the implementation of GASB 81.

GASB 85 addressed practice issues that have been identified during implementation and application of certain GASB Statements including topics related to blending component units, goodwill, fair value measurement and application, and postemployment benefits. The adoption of GASB 85 had no impact on the Property Appraiser's current accounting practices nor its financial reporting.

GASB 86 provided consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which only existing resources, other than the proceeds of refunding debt, are placed in an irrevocable trust for the sole purpose of extinguishing debt. This statement also addressed accounting and financial reporting for prepaid insurance on debt that is extinguished and disclosures for debt that is defeased in-substance. There was no material impact on the Property Appraiser's financial statements as a result of the implementation of GASB 86.

Pronouncements Issued but Not Yet Effective

GASB Statement No.	GASB Accounting Standard	Effective Fiscal Year
83	<i>Certain Asset Retirement Obligations</i>	2019
84	<i>Fiduciary Activities</i>	2020
87	<i>Leases</i>	2021
88	<i>Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements</i>	2019
89	<i>Accounting for Interest Cost Incurred Before the End of a Construction Period</i>	2021
90	<i>Majority Equity Interest on Amendment of GASB Statements No. 14 and No. 61</i>	2020

Restatement of Net Position

Net Positions, Beginning of Year, as Originally Reported	\$ 25,560,528
Restatement of OPEB Liability	<u>947,005</u>
Net Positions, Beginning of Year, as Restated	<u>\$ 26,507,533</u>

LIBERTY COUNTY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

Note 3 - Cash Deposits and Investments

At September 30, 2018, the carrying amount of the County's deposits was \$5,136,725. Chapter 280 of the Florida Statutes provides that qualified public depositories must maintain eligible collateral having a market value equal to 50% of the average daily balance for each month of all public deposits in excess of any applicable deposit insurance held by the depository during the twelve months immediately preceding the date of any computation of the balance. As such, the depository is not required to hold collateral in the county agency's name, nor specify which collateral is held for the county agency's benefit. The Public Deposit Security Trust Fund, as created under the laws of the State of Florida, would be required to pay the county agency for any deposits not covered by depository insurance or collateral pledged by the depository, as previously described.

Cash Deposits

The following is a summary of the carrying value of bank deposits and cash on hand at September 30, 2018:

Cash and Cash Equivalents:	
Cash in Checking Accounts	\$ 5,136,725
Total Cash and Cash Equivalents	<u>\$ 5,136,725</u>

Investments

At September 30, 2018, the County had investments in certificates of deposit held at two local banks in Bristol of \$3,514,051. Of this amount, all certificates of deposits have maturity dates of less than one year.

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, or the failure of the counterparty, the government's deposits may not be returned to it, or the government may not be able to recover the value of its investments that are in the possession of an outside party.

All cash resources of the County are placed in banks that are qualified public depositories, as required by law (Florida Security for Public Deposits Act). Every qualified public depository is required by this law to deposit with the State Treasurer eligible collateral equal to, or in excess of, an amount to be determined by the State Treasurer. The State Treasurer is required to ensure that the County's funds are entirely collateralized throughout the fiscal year. In the event of failure by a qualified public depository, losses in excess of federal depository insurance and proceeds from the sale of the securities pledged by the defaulting depository are assessed against the other qualified public depositories of the same type as the depository in default.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. At September 30, 2018, the County did not hold any investments that were considered to be an interest rate risk.

Credit Risks

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. At September 30, 2018, the County did not hold any investments that were considered to be a credit risk.

LIBERTY COUNTY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

Note 3 - Cash Deposits and Investments (concluded)

Custodial Risk

For an investment, there is a risk that in the event of a bank failure or the failure of the counterparty to a transaction, the government will not be able to recover the value of its investments or collateralized securities that are in the possession of an outside party. The County's investments are excluded from the definition of custodial credit risk.

Concentration of Credit Risk

At September 30, 2018, the County did not hold any investments that were considered to be a concentration of credit risk.

Note 4- Receivables

Receivables at September 30, 2018, consist of the following:

	General Fund	Ambulance Fund	Solid Waste Fund	Water Fund	Total
Receivables:					
Gross Receivables	\$ 479	\$ 101,612	\$567,777	\$54,976	\$724,844
Allowance for Uncollectibles	0	(45,144)	(530,970)	(22,134)	(598,248)
Total Receivables, net	<u>\$ 479</u>	<u>\$ 56,468</u>	<u>\$ 36,807</u>	<u>\$32,842</u>	<u>\$126,596</u>

Note 5 – Interfund Receivables, Payables and Transfers

Interfund balances at September 30, 2018, consisted of the following:

	<u>Due From</u>	<u>Due To</u>
General Fund	\$ 92,607	\$ 1,577,479
Transportation Fund	604,368	0
Other Governmental Funds	973,111	92,607
Total Due From / To Other Funds	<u>\$ 1,670,086</u>	<u>\$ 1,670,086</u>

The general fund has amounts due to and from Constitutional Officers, which predominately represents the return of the excess due at the end of the fiscal year, from either budget officers or fee officers. Remaining balances resulted from the time lag between the dates that (a) interfund goods and services are provided or reimbursable expenditures occur, (b) transactions are recorded in the accounting system, and (c) payments between funds are made.

LIBERTY COUNTY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

Note 5 – Interfund Receivables, Payables and Transfers (concluded)

Interfund transfers for the year ended September 30, 2018, consisted of the following:

	Interfund	
	Transfers In	Transfers Out
General Fund	\$ 78,855	\$ 320,610
Transportation Fund	2,464,853	60,000
Capital Project Fund	0	2,051,858
Other Governmental Funds	387,642	486,882
Water Fund	0	12,000
Total Interfund Transfers	<u>\$ 2,931,350</u>	<u>\$ 2,931,350</u>

The purposes of these interfund transfers were to (a) fund budgetary requirements of other funds or Constitutional officers, (b) meet grant requirements, or (c) to meet state requirements to expend revenues that were collected in another fund.

LIBERTY COUNTY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

Note 6 - Capital Assets

	Beginning Balance 10/1/2017	Increases	(Decreases)	Ending Balance 9/30/2018
Governmental Activities				
Capital Assets Not Being Depreciated:				
Land	\$ 651,192	\$ 30,112	\$ 0	\$ 651,192
Construction in Progress	920,800	1,435,569	(1,961,994)	394,375
Total Capital Assets Not Being Depreciated	<u>1,571,992</u>	<u>1,465,681</u>	<u>(1,961,994)</u>	<u>1,045,567</u>
Capital Assets Being Depreciated:				
Buildings and Improvements	7,468,569	455,749	0	7,924,318
Machinery and Equipment:	6,866,114	1,123,758	(459,697)	7,530,175
Infrastructure	23,470,637	1,588,452	0	25,059,089
Total Capital Assets Being Depreciated	<u>37,805,320</u>	<u>3,167,959</u>	<u>(459,697)</u>	<u>40,513,582</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(2,777,572)	(146,276)	0	(2,923,848)
Machinery and Equipment	(4,890,011)	(363,126)	459,697	(4,793,440)
Infrastructure	(6,123,407)	(654,441)	0	(6,777,848)
Total Accumulated Depreciation	<u>(13,790,990)</u>	<u>(1,163,843)</u>	<u>459,697</u>	<u>(14,495,136)</u>
Total Capital Assets Being Depreciated, Net	<u>24,014,330</u>	<u>2,004,116</u>	<u>0</u>	<u>26,018,446</u>
Total Governmental Activities Capital Assets, Net	<u><u>25,586,322</u></u>	<u><u>3,469,797</u></u>	<u><u>(1,961,994)</u></u>	<u><u>27,064,013</u></u>
Business-Type Activities				
Capital Assets Not Being Depreciated				
Land	31,520	5,000	0	36,520
Construction in Progress	112,001	262,145	0	374,146
Total Capital Assets Not Being Depreciated	<u>143,521</u>	<u>267,145</u>	<u>0</u>	<u>410,666</u>
Capital Assets Being Depreciated				
Plant, System and Improvements	4,483,173	0	0	4,483,173
Machinery and Equipment	12,986	0	0	12,986
Total Capital Assets Being Depreciated	<u>4,496,159</u>	<u>0</u>	<u>0</u>	<u>4,496,159</u>
Less Accumulated Depreciation:				
Plant, System and Improvements	(2,589,512)	(124,686)	0	(2,714,198)
Machinery and Equipment	(11,786)	(3,655)	0	(15,441)
Total Accumulated Depreciation	<u>(2,601,298)</u>	<u>(128,341)</u>	<u>0</u>	<u>(2,729,639)</u>
Total Capital Assets Being Depreciated, Net	<u>1,894,861</u>	<u>(128,341)</u>	<u>0</u>	<u>1,766,520</u>
Business-Type Activities Capital Assets, Net	<u><u>\$ 2,038,382</u></u>	<u><u>\$ 138,804</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 2,177,186</u></u>

Depreciation expense was charged to governmental activities functions/programs of the primary government as follows:

Governmental Activities:	
General Government	\$ 85,729
Public Safety	140,396
Physical Environment	20,199
Transportation	843,530
Human Services	23,859
Culture and Recreation	50,130
Total Depreciation Expense	<u>1,163,843</u>
Business-Type Activities:	
Water	28,341
Total Depreciation Expense	<u><u>\$ 1,192,184</u></u>

LIBERTY COUNTY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

Note 7 - Long-Term Debt

Summary of Changes in Long-Term Liabilities

The following is a summary of changes in long-term debt for the year ended September 30, 2018:

	Balance 10/1/2017	Additions	Reductions	Balance 9/30/2018	Due Within One Year
Governmental Activities:					
Compensated Absences	\$ 252,559	\$ 19,820	\$ 0	\$ 272,379	\$ 68,095
Notes Payable	105,951	0	4,282	101,669	5,000
Equipment Loan	133,500	0	26,447	107,053	26,576
Equipment Lease Purchase	130,058	121,000	135,058	116,000	116,000
Landfill Closure Costs	473,819	8,528	0	482,347	0
Other Postemployment Benefits	1,670,995	0	34,842	1,636,153	0
Net Pension Liability	7,147,040	0	1,585	7,145,455	0
Total Governmental Activities	9,913,922	149,348	202,214	9,861,056	215,671
Business-type Activities:					
Bonds Payable	533,341	0	15,000	518,341	16,000
Total Business-type Activities	533,341	0	15,000	518,341	16,000
Total Long-term Liabilities	\$10,447,263	\$ 149,348	\$ 217,214	\$ 10,379,397	\$16,000

In as much as records kept for compensated absences relate only to hours earned, used and available, the effect of changes in individual employee compensation rates on changes in the reported value of the liability for compensated absences cannot be reasonably estimated. Accordingly, only the net change in compensated absences payable is shown.

Governmental Activities

Notes Payable

During the 2003-2004 fiscal year, the County received long-term financing from the U.S. Department of Agriculture totaling \$145,000 for the Hosford Fire Station. Note Payables of \$145,000 were issued on November 18, 2004, at an interest rate of 4.5%. The bonds mature in 2034. Annual payments of \$4,000 plus interest are increasing to \$8,000 plus interest.

Note Payable, USDA \$101,669

Equipment Loan Payable

During the 2017 fiscal year the County borrowed \$133,500 from People's South Bank (Blountstown) to purchase a garbage truck. The Note is a demand loan with five annual payments of \$28,571 beginning October 15, 2017. This loan is collateralized as a General Obligation of Liberty County.

Balance \$107,053

LIBERTY COUNTY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

Note 7 - Long-Term Debt (continued)

Lease Purchase Agreement.

The County entered into a lease purchase agreement to buy a Mack GU713 Tractor Trailer, the actual lease amount was \$129,600 but additional underwriting costs put the financing total at \$134,646. The County is scheduled to make a \$5,000 payment at signing, and four annual payments of \$34,188 starting on August 15, 2018.

Balance \$116,000

Business-type Activities

1998 Revenue Bonds

During the 1998-1999 fiscal year, the County received long-term financing from the U.S. Department of Agriculture totaling \$717,000 for the County's Water Facilities Improvement Project. Revenue bonds of \$567,000 and \$150,000 were issued on November 20, 1998, at an interest rate of 4.75%. The net revenues of the water system are pledged to repay the bonds issued. Interest payments were due beginning September 1, 1999, and principal payments were due beginning September 1, 2001. The bonds mature in 2038.

Bonds Payable \$518,341

During the 2017-2018 fiscal year, interest expense for business-type activity debt totaled \$25,365, none of which was capitalized.

Maturities of Long-Term Debt

Governmental activities debt service requirements to maturity (excluding compensated absences, other postemployment benefits and the estimated landfill closure, post closure costs and pension liability) are as follows:

<u>Year</u>	<u>Principal</u>
2019	\$ 147,576
2020	32,227
2021	32,638
2022	30,611
2023	5,000
2024-2028	31,000
2029-2033	38,000
2034-2038	7,669
Total	\$ 324,721

LIBERTY COUNTY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

Note 7 - Long-Term Debt (concluded)

Business-type activities debt service requirements to maturity are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2019	\$ 16,000	\$ 23,703
2020	17,000	22,895
2021	17,000	22,088
2022	18,000	21,233
2023	19,000	20,330
2024-2028	112,000	86,165
2029-2033	147,000	54,815
2034-2038	172,341	16,245
Total	\$ 518,341	\$ 267,473

Note 8 - Other Disclosures

The following fund had deficit fund equity balances at September 30, 2018, in the amount shown below:

Other Governmental Funds	
Solid Waste	\$ (40,136)

Note 9 – Employee Retirement Plan

General Information about the Florida Retirement System

The FRS was created in Chapter 121, Florida Statutes, to provide a defined benefit pension plan for participating public employees. The FRS was amended in 1998 to add the Deferred Retirement Option Program (DROP) under the defined benefit plan and amended in 2000 to provide a defined contribution plan alternative to the defined benefit plan for FRS members effective July 1, 2002. This integrated defined contribution pension plan is the FRS Investment Plan. Chapter 112, Florida Statutes, established the Retiree Health Insurance Subsidy (HIS) Program, a cost-sharing multiple-employer defined benefit pension plan, to assist retired members of any state-administered retirement system in paying the costs of health insurance.

Essentially all regular employees of the County are eligible to enroll as members of the State-administered FRS. Provisions relating to FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112 Part IV, Florida Statutes; Chapter 238 Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. Such provisions may be amended at any time by further action from the Florida Legislature. The FRS is a single retirement system and consists of two cost-sharing, multiple-employer defined-benefit plans and other nonintegrated programs. Comprehensive annual financial report of the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services' web site (www.dms.myflorida.com).

LIBERTY COUNTY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

Note 9 – Employee Retirement Plan (continued)

FRS Pension Plan

Plan Description

The FRS Pension Plan (Plan) is a cost-sharing multiple-employer defined benefit pension plan, with a DROP for eligible employees. The general classes of membership applicable to the County are as follows:

- Regular Class- Members of the FRS who do not qualify for membership in other classes.
- Elected County Officer Class- Members who hold specified elective offices in local government.
- Senior Management Service Class (SMSC)- Members in senior management level positions.
- Special Risk Class- Members who are employed as law enforcement officers and meet the criteria to qualify for this class.

Employees enrolled in the Plan prior to July 1, 2011, vest at six years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at eight years of creditable service except for members classified as special risk who are eligible for normal retirement benefits at age 55 or at any age after 25 years of service. All vested members enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service, except for members classified as special risk who are eligible for normal retirement benefits at age 55 or at any age after 25 years of service. All members enrolled in the Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service, except for members classified as special risk who are eligible for normal retirement benefits at age 60 or at any age after 30 years of service. Members of the Plan may include up to four years of credit for military service toward creditable service. The plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments to eligible participants.

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate, except that certain instructional personnel may participate for up to 96 months. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest. The net pension liability does not include amounts for DROP participants, as these members are considered retired and are not accruing additional pension benefits.

Benefits Provided

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

**LIBERTY COUNTY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

Note 9 – Employee Retirement Plan (continued)

Class, Initial Enrollment, and Retirement Age/Years of Service	Percent Value
<i>Regular Class Members Initially Enrolled Before July 1, 2011:</i>	
Retirement up to age 62 or up to 30 years of service	1.60
Retirement at age 63 or with 31 years of service	1.63
Retirement at age 64 or with 32 years of service	1.65
Retirement at age 65 or with 33 or more years of service	1.68
<i>Regular Class Members Initially Enrolled on or After July 1, 2011:</i>	
Retirement up to age 65 or up to 33 years of service	1.60
Retirement at age 66 or with 34 years of service	1.63
Retirement at age 67 or with 35 years of service	1.65
Retirement at age 68 or with 36 or more years of service	1.68
<i>Elected County Officers</i>	3.00
<i>Senior Management Service Class</i>	2.00
<i>Special Risk Regular</i>	
Service from December 1, 1970 through September 30, 1974	2.00
Service on and after October 1, 1974	3.00

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

LIBERTY COUNTY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

Note 9 – Employee Retirement Plan (continued)

Contributions

The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates during the County's 2017-2018 fiscal year were as follows:

Class	Year Ended June 30, 2018		Year Ended June 30, 2019	
	Percent of Gross Salary		Percent of Gross Salary	
	Employee	Employer(2)	Employee	Employer
FRS, Regular	3.00	6.20	3.00	6.54
FRS, Elected County Officials	3.00	43.78	3.00	46.78
FRS, Senior Management Service	3.00	20.99	3.00	22.34
FRS, Special Risk Regular	3.00	21.55	3.00	22.78
DROP-Applicable to Members from All of the Above Classes	0.00	11.60	0.00	12.37
FRS, Reemployment Retiree	(1)	(1)	(1)	(1)

Notes: (1) Contribution rates are dependent upon retirement class in which reemployed.

(2) These rates include the normal cost and unfunded actuarial liability contributions, but do not include the contribution for Retiree Health Insurance Subsidy of 1.66% and the fee of 0.06% for administration of the FRS Investment Plan and provision of education tools for both plans.

The County's contributions (employer) to the FRS Plan totaled \$ 575,916 for the fiscal year ended September 30, 2018. This excludes the HIS defined benefit pension plan contributions.

Pension Liabilities and Pension Expense

At September 30, 2018, the County reported a liability of \$6,086,801 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018. The County's proportionate share of the net pension liability was based on the County's 2017-18 fiscal year contributions of all participating members. At June 30, 2018, the County's proportion was .020208158%, which was a decrease of .000201235% from its proportion measured as of June 30, 2018.

For the year ended September 30, 2018, the County recognized pension expense of \$ 1,142,829 related to the Plan.

LIBERTY COUNTY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

Note 9 – Employee Retirement Plan (continued)

Actuarial Assumptions

The total pension liability in the July 1, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60%	
Salary Increase	3.25%	Average, Including Inflation
Discount Rate	7.00%	
Long-term Expected Rate of Return, Net Investment Expense	7.00%	

Mortality rates were based on the Generational RP-2000 with Projection Scale BB.

The actuarial assumptions used in the July 1, 2018, valuation were based on the results of an actuarial experience study for the period July 1, 2008, through June 30, 2013.

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

Asset Class	Annual Target Allocation	Annual Arithmetic Return ⁽¹⁾	Geometric Return	Standard Deviation
Cash	1%	2.9%	2.9%	1.8%
Fixed Income	18%	4.4%	4.3%	4.0%
Global Equity	54%	7.6%	6.3%	17.0%
Real Estate (Property)	11%	6.6%	6.0%	11.3%
Private Equity	10%	10.7%	7.8%	26.5%
Strategic Investments	16%	6.0%	5.7%	8.6%
Total	100%			
			2.6%	1.9%

Assumed Inflation-Mean

Note: (1) As outlined in the Plan's Investment Policy

LIBERTY COUNTY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

Note 9 – Employee Retirement Plan (continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. 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 discount rate for calculating the total pension liability is equal to the long-term expected rate of return. The discount rate was 7.10% in the July 1, 2016 valuation.

Sensitivity of the County's Proportionate Share of the Net Position Liability to Changes in the Discount Rate

The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
County's Proportionate Share of the Net Pension Liability	<u>\$11,108,669</u>	<u>\$6,086,802</u>	<u>\$ 1,915,845</u>

Pension Plan Fiduciary Net Position

Detailed information about the Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State Administered Systems Comprehensive Annual Financial Report.

HIS Pension Plan

Plan Description

The HIS Pension Plan (HIS Plan) is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, Florida Statutes, and may be amended by the Florida Legislature at any time. The benefit is a monthly payment to assist retirees of State-administered retirement systems in paying their health insurance costs and is administered by the Division of Retirement within the Florida Department of Management Services.

Benefits Provided

For the fiscal year ended September 30, 2018, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month, pursuant to Section 112.363, Florida Statutes, to be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

LIBERTY COUNTY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

Note 9 – Employee Retirement Plan (continued)

Contributions

The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the Plan fiscal years ended June 30, 2018 and 2017, the contribution rates was 1.66% of payroll, pursuant to Section 112.363, Florida Statutes. The County contributed 100% of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled.

The County's contributions to the HIS Plan totaled \$ 54,242 for the fiscal year ended September 30, 2018.

Pension Liabilities and Pension Expense

At September 30, 2018, the County's reported a net pension liability of \$1,058,654 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018. The County's proportionate share of the net pension liability was based on the County's 2017-18 fiscal year contributions relative to the total 2017-18 fiscal year contributions of all participating members. At June 30, 2018, the County's proportionate share was .010002288%, which was a decrease of .000360208% from its proportionate share measured as of June 30, 2018.

For the fiscal year ended September 30, 2018, the County recognized pension expense of \$66,702 related to the HIS Plan.

Actuarial Assumptions

The total pension liability for the HIS Pension Plan was determined by an actuarial valuation as of July 1, 2017, and recalculated as of June 30, 2018, using a standard actuarial roll-forward technique. The following actuarial assumptions, applied to all periods included in the measurement, were used to determine the total pension liability:

Inflation	2.60%	
Salary Increase	3.25%	Average, Including Inflation
Discount Rate	3.87%	
Long-term Expected Rate of Return,		
Net Investment Expense	N/A	
Municipal Bond Index	3.87%	

Mortality rates were based on the Generational RP-2000 with Projected Scale BB.

The actuarial assumptions used to determine the total pension liability as of June 30, 2018, were based on certain results of an actuarial experience study of the FRS for the period July 1, 2008, through June 30, 2013.

LIBERTY COUNTY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

Note 9 – Employee Retirement Plan (continued)

Discount Rate

The discount rate used to measure the total pension liability was 3.87%. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

Sensitivity of the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 3.87%, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.87%) or 1-percentage-point higher (4.87%) than the current rate:

	1% Decrease (2.87%)	Current Discount Rate (3.87%)	1% Increase (4.87%)
County's Proportionate Share of Net Pension Liability	<u>\$ 1,205,744</u>	<u>\$ 1,058,653</u>	<u>\$ 936,045</u>

Pension Plan Fiduciary Net Position

Detailed information about the HIS Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State Administered Systems Comprehensive Annual Financial Report.

Net Pension Liability

	FRS	HIS	Total
Net Pension Liability	<u>\$6,086,801</u>	<u>\$1,058,653</u>	<u>\$7,145,455</u>

LIBERTY COUNTY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

Note 9 – Employee Retirement Plan (continued)

Deferred Outflows of Resources

	FRS	HIS	Total
Employer Contributions After			
Measurement Date	\$ 161,264	\$ 14,361	\$ 175,625
Difference Between Expected and			
Actual Experience	515,644	16,208	531,852
Changes in Assumptions	1,988,871	117,735	2,106,606
Changes in Proportion	529,400	76,300	605,700
Net Difference Between Projected			
and Actual Earnings on Investments	0	640	640
Total Deferred Outflows of Resources	<u>\$ 3,195,179</u>	<u>\$ 225,244</u>	<u>\$ 3,420,423</u>

Deferred Inflows of Resources

	FRS	HIS	Total
Difference Between Expected and			
Actual Experience	\$ 18,715	\$ 1,799	\$ 20,514
Changes in Assumptions	0	111,930	111,930
Changes in Proportion	456,092	123,804	579,896
Investments	470,280	0	470,280
Total Deferred Inflows of Resources	<u>\$ 945,087</u>	<u>\$ 237,533</u>	<u>\$ 1,182,620</u>

Deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date totaling \$175,625, will be recognized as a reduction of the net pension liability in the year ending September 30, 2018. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year			
Ending	FRS	HIS	Total
2019	\$ 879,838	\$ 2,496	\$ 882,334
2020	557,368	2,442	559,810
2021	60,865	(2,532)	58,333
2022	333,687	328	334,015
2023	224,069	(16,803)	207,266
Thereafter	33,001	(12,581)	20,420
	<u>\$2,088,828</u>	<u>\$(26,650)</u>	<u>\$2,062,178</u>

LIBERTY COUNTY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

Note 9 – Employee Retirement Plan (continued)

Pension Expense

For the year ended September 30, 2018, the County recognized pension expense from the defined benefit pension plans as follows:

	FRS	HIS	Total
Board of County Commissioners	\$ 352,410	\$ 28,157	\$ 380,567
Clerk of the Circuit Court	164,468	7,880	172,348
Sheriff	229,655	19,019	248,674
Tax Collector	131,349	3,835	135,184
Property Appraiser	143,021	3,727	146,748
Supervisor of Elections	121,926	4,084	126,010
Total Pension Expense	<u>\$ 1,142,829</u>	<u>\$ 66,702</u>	<u>\$ 1,209,531</u>

There were certain changes in assumptions from the previous valuation related to the two plans described above. The assumption changes include the following:

- FRS – In the July 1, 2018 actuarial valuation, the discount rate used to determine total pension liability decreased from 7.10% to 7.00%.
- HIS - In the July 1, 2018 actuarial valuation, the discount rate used to determine total pension liability increased from 3.58% to 3.87%.

FRS-Defined Contribution Pension Plan

The County contributes to the FRS Investment Plan (Investment Plan), a defined contribution pension plan, for its eligible employees electing to participate in the Investment Plan. The Investment Plan is administered by the SBA, and is reported in the SBA's annual financial statements and in the State of Florida Comprehensive Annual Financial Report. Service retirement benefits are based upon the value of the member's account upon retirement.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined-benefit plan. County employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected County Officers, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances amount various approved investment choices.

LIBERTY COUNTY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

Note 9 – Employee Retirement Plan (concluded)

Allocations to the investment member's accounts during the 2017-18 fiscal year were as follows:

Class	Year Ended June 30, 2018		Year Ended June 30, 2019	
	Percent of Gross Salary		Percent of Gross Salary	
	Employee	Employer(2)	Employee	Employer
FRS, Regular	3.00	3.30	3.00	3.30
FRS, Elected County Officials	3.00	8.34	3.00	8.34
FRS, Senior Management Service	3.00	4.67	3.00	4.67
FRS, Special Risk Regular	3.00	11.00	3.00	11.00
FRS, Reemployment Retiree	(1)	(1)	(1)	(1)

Notes: (1) Contribution rates are dependent upon retirement class in which reemployed.

(2) These rates include the normal cost and unfunded actuarial liability contributions, but do not include the contribution for Retiree Health Insurance Subsidy of 1.66% and the fee of 0.06% for administration of the FRS Investment Plan and provision of education tools for both plans.

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five-year period, the employee will regain control over their account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.04% of payroll and by forfeited benefits of Investment Plan members. For the fiscal year ended September 30, 2018, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the County.

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

LIBERTY COUNTY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

Note 10 – Other Post-Employment Benefits (OPEB)

Plan Description

The County has established the Retiree's Health Insurance Other Post-Employment Benefits Plan, a single employer plan. Pursuant to the provisions of Section 112.0801, Florida Statutes, employees who retire from the County, Sheriff, Clerk of Courts, Tax Collector, Property Appraiser, Supervisor of Elections, and eligible dependents, may continue to participate in the group insurance plan. The Plan which is administered by the County, allows employees who retire and meet retirement eligibility requirements under the Florida Retirement System and the Retiree Health Insurance Subsidy RHIS program administered by the State of Florida to continue medical insurance coverage as a participant in the County's plan. For purposes of applying Paragraph 4 under Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, the Plan does not meet the requirements for an OPEB plan administered through a trust. The Board of County Commission assumes the liability and pays for all post-employment benefits for all eligible participants of the County and constitutional officers. The Plan does not issue a separate financial report.

Employees Covered by Benefit Terms:

At October 1, 2017, the following employees were covered by the benefit terms:

Inactive Plan Members, or Beneficiaries Currently Receiving Benefits	17
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	0
Active Plan Members	97
	<u>114</u>

Benefits Provided:

A retired employee and his or her spouse and eligible dependents are eligible to continue health insurance identical to active employees if they meet the eligibility for retirement under the applicable retirement plan. The County subsidizes health care costs for those who elect to remain covered by the Plan upon retirement.

For participants hired before August 8, 2013, the County Contributes the difference between the monthly premium and the Board determined active employee monthly contribution, not to exceed \$300 monthly for Employee Only Coverage and \$600 monthly for all other coverage levels. Board Determined active employee monthly contribution levels are indicated below:

<u>Coverage Level</u>	<u>Active Employee Monthly Contribution</u>
Employee Only	\$110.00
Employee + Spouse	\$280.00
Employee + Children	\$250.00
Employee + Family	\$380.00
One Medicare	\$110.00
Two Medicare	\$280.00

For participants hired on or after August 8, 2013, the County contributes \$5 for every year of service with the County not to exceed \$150 monthly. Effective January 1, 2018, retiring participants must be eligible for the state sponsored RHIS in order to receive any subsidy from the County.

LIBERTY COUNTY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

Note 10 – Other Post-Employment Benefits (OPEB) (continued)

TOTAL OPEB LIABILITY

The measurement date is September 30, 2018.

The measurement period for the OPEB expense was October 1, 2017 to September 30, 2018.

The reporting period is October 1, 2017 through September 30, 2018.

The City's Total OPEB Liability was measured as of September 30, 2017.

Note – The Sponsor's Total OPEB Liability for the County's ledger adjustment was measured as of September 30, 2017 using a discount rate of 3.64%.

Actuarial Assumptions:

The Total OPEB Liability was determined by an actuarial valuation as of September 30, 2017 using the following actuarial assumptions:

Inflation Rate	2.50%
Salary Increase Rate(s)	3.25%
Discount Rate	4.18%
Initial Trend Rate	8.50%
Ultimate Trend Rate	4.00%
Years to Ultimate	55

All mortality rates were based on the RP-2000 mortality tables. All mortality rates are those outlined in Milliman's July 1, 2017 Florida Retirement System (FRS) valuation report.

Mortality – Active Lives:

For female lives, 100% of the Combined Healthy White-Collar table was used. For male (non-special risk) lives, a 50% Combined Healthy White-Collar table, 50% Combined Healthy Blue-Collar table blend was used. For male special risk lives, a 10% Combined Healthy White-Collar table, 90% Combined Healthy Blue-Collar table blend was used. All tables include fully generational adjustments for mortality improvements using improvement scale BB.

Mortality – Inactive Healthy Lives:

For female lives, 100% of the Annuitant White-collar table was used. For male (non-special risk) lives, a 50% Annuitant White-Collar table, 50% Annuitant Blue-Collar table blend was used. For male special risk lives, a 10% Annuitant White-Collar table, 90% Annuitant Blue-Collar table blend was used. All tables include fully generational adjustments for mortality improvements using improvement scale BB.

Mortality – Disabled Lives:

For female (non-special risk) lives, 100% of the Disabled Female table was used, set forward two years. For female special risk lives, a 60% Disabled Female table, 40% Annuitant White-Collar table with no setback blend was used. For male (non-special risk) lives, 100% of the Disabled Male table was used, set back four years. For male special risk lives, a 60% Disabled Male table, 40% Annuitant White-Collar table with no setback blend was used. Disabled mortality has not been adjusted for mortality improvement.

LIBERTY COUNTY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

Note 10 – Other Post-Employment Benefits (OPEB) (continued)

Discount Rate:

Given the County's decision not to fund the program, all future benefit payments were discounted using a high-quality municipal bond rate of 4.18%. The high-quality municipal bond rate was based on the week closest but not later than the measurement date of the Bond Buyer 20-Bond Index as published by the Federal Reserve. The 20-Bond Index consists of 20 general obligation bonds that mature in 20 years. The average rating of the 20 bonds is roughly equivalent to Moody's Investors Service's Aa2 rating and Standard & Poor's Corp.'s AA.

CHANGE IN TOTAL OPEB LIABILITY

	Increases and (Decreases) in Total OPEB Liability
Reporting Period Ending September 30, 2017	\$ 1,670,995
Changes for the Year:	
Service Cost	97,854
Interest	62,354
Differences between Expected and Actual Experience	0
Changes of assumptions	(82,385)
Changes of benefit terms	0
Contributions – Employer	0
Benefit Payments	(112,665)
Other Changes	0
Net Charges	(34,842)
Reporting Period Ending September 30, 2018	\$ 1,636,153

Changes in assumptions reflect a change in the discount rate from 3.64% for the reporting period ended September 30, 2017, to 4.18% for the reporting period ended September 30, 2018.

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

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

	1% Decrease 3.18%	Current Discount Rate 4.18%	1% Increase 5.18%
Total OPEB Liability (Asset)	\$ 1,793,746	\$ 1,636,153	\$ 1,498,675

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

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

	1% Decrease 3.00% - 7.50%	Healthcare Cost Trend Rates 4.00% - 8.50%	1% Increase 5.00% - 9.50%
Total OPEB Liability (Asset)	\$ 1,588,685	\$ 1,636,153	\$ 1,693,154

LIBERTY COUNTY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

Note 11 - Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors or omissions; injuries to employees and the public, or damage to property of others. The County obtained commercial insurance against losses for the following types of risk:

- Real and Personal Property Damage
- Public Employees' Bond
- Workers' Compensation
- Automobile Liability

The County participates in the Florida Association of Counties Trust (FACT), a public entity risk pool for risks related to comprehensive general liability. The agreement provides that the financial liability of each participating county is limited to premiums and surplus contributions paid or obligations made to FACT. Aggregate coverage provided is limited to \$1,000,000 for each claim.

Note 12 - Landfill Closure and Post Closure Costs

The County has obtained engineering estimates of future costs to monitor its sanitary landfill site in accordance with state and federal guidelines. U.S. Environmental Protection Agency regulations and related GASB Statement No. 18 require that all municipal solid waste landfill owners account for closure and post closure costs. State and federal laws and regulations require the County to place a final cover on its landfill when closed and to perform certain maintenance and monitoring functions at the landfill site for 30 years after closure. The landfills capacity was estimated at 100% as of September 30, 2018. The County has started the process of closing the entire landfill, and is optimistic it will be completed in the next two fiscal years. For the year ending September 30, 2018, the County did not incur any closure costs that were reimbursed out of the landfill management escrow accounts. The County received a new cost estimate from their engineering firm for the landfill closure and monitoring liability as of October 12, 2017. The accrued cost for closure was \$227,495 and post closure care of \$254,852 (\$8,495 per year) for a total liability as of September 30, 2018, of \$482,347.

All amounts recognized are based on an estimate by the County's consulting engineers of the cost to perform all closure and post closure care as of October 12, 2018. Actual costs may vary due to inflation, changes in technology, or changes in laws and regulations. The County is required by state and federal laws and regulations to establish escrow accounts for closure and post closure costs of the landfill. The County is required to have the estimated cost of closure (\$227,495) and one year monitoring of \$8,495 for a total requirement of \$235,990. The County has complied with these requirements by depositing \$312,285 into restricted landfill management escrow accounts.

Note 13 - Commitments and Contingencies

Pending Litigation

The County is a defendant in several miscellaneous lawsuits. The County's legal counsel cannot ascertain the potential liability for these lawsuits. No liability has been recorded in the financial statements for these potential liabilities.

Commitments

The County has several outstanding contract obligations at year end. They are all related to capital improvement type construction contracts for paving and water systems improvements.

LIBERTY COUNTY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

Note 14 - Grants

The County participates in a number of federal and state grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The audits of these programs for, or including the year ended September 30, 2018, have not yet been accepted/approved by the grantors. Accordingly, the final determination of the County's compliance with applicable grant requirements will be established at a future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined, although the County expects such amounts, if any, to be immaterial.

Note 15 - Conduit Debt Obligation

On December 4, 2003, the County entered into an agreement with a corporation to issue industrial revenue bonds not to exceed \$30,000,000 for the construction of a solid waste disposal facility in the County. The bonds will be payable solely from the revenues derived from the loan agreement between the County and the corporation. Neither the County, nor the State of Florida, or any political subdivision thereof, will be obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as a liability in the accompanying financial statements.

Note 16 - Fund Balance Classifications

The following is a summary of the County's fund balance classifications and the purpose of each as of September 30, 2018:

Restricted Fund Balance:

General Fund	\$ 76,475
Transportation Fund	3,002,207
SHIP Fund	9,553
Landfill Fund	365,206
Voted Gas Tax Fund	178,332
Liberty Transit Fund	585,918
Public Safety	245,316
Clerk	154,814
Capital Projects	804,716
Total Restricted Fund Balance	<u>5,422,537</u>

Unassigned Fund Balance:

General Fund	3,349,805
Special Revenue Fund	160,098
Total Unassigned Fund Balance	<u>3,509,903</u>
Total Fund Balance	<u>\$ 8,932,440</u>

REQUIRED SUPPLEMENTAL INFORMATION

LIBERTY COUNTY, FLORIDA
FLORIDA RETIREMENT SYSTEM PENSION PLAN
SCHEDULE OF THE COUNTY'S PROPRTIONATE SHARE OF THE NET PENSION LIABILITY
SEPTEMBER 30, 2018

	<u>September 30, 2018</u>	<u>September 30, 2017</u>	<u>September 30, 2016</u>	<u>September 30, 2015</u>
County's Proportion of the Net Pension Liability	0.020208158%	0.020409400%	0.021194900%	0.020802488%
County's Proportionate Share of the Net Pension Liability	\$ 6,086,802	\$ 6,036,964	\$ 5,351,729	\$ 2,686,920
County's Covered-Employee Payroll (FYE 9/30)	\$ 3,329,149	\$ 3,285,923	\$ 1,822,785	\$ 3,158,276
County's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	182.83%	183.72%	293.60%	85.08%
FRS Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	84.26%	83.89%	84.88%	92.00%

Notes to Schedule:

The amounts presented for the Net Pension Liability were determined using a measurement date of June 30.

The Covered- Employee Payroll is for the fiscal year shown.

The Schedule will build to 10 years as information becomes available.

LIBERTY COUNTY, FLORIDA
FLORIDA RETIREMENT SYSTEM PENSION PLAN
SCHEDULE OF COUNTY CONTRIBUTIONS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	<u>September 30, 2018</u>	<u>September 30, 2017</u>	<u>September 30, 2016</u>	<u>September 30, 2015</u>
Contractually Required Contributions	\$ 575,916	\$ 547,048	\$ 523,928	\$ 523,928
Contributions in Relation to the Contractually Required Contribution	<u>(575,916)</u>	<u>(547,048)</u>	<u>(523,928)</u>	<u>(523,928)</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
County's Covered-Employee Payroll	\$ 3,329,149	\$ 3,285,923	\$ 1,822,785	\$ 3,158,276
Contributions as a Percentage of Covered-Employee Payroll	17.30%	16.65%	28.74%	16.59%

Notes to Schedule:

The Schedule will build to 10 years as information becomes available.

LIBERTY COUNTY, FLORIDA
HEALTH INSURANCE SUBSIDY PENSION PLAN
SCHEDULE OF THE COUNTY'S PROPORTIONATE SHARE OF THE PENSION LIABILITY
SEPTEMBER 30, 2018

	<u>September 30, 2018</u>	<u>September 30, 2017</u>	<u>September 30, 2016</u>	<u>September 30, 2015</u>
County's Proportion of the Net Pension Liability	0.01000229%	0.10362500%	0.010213904%	0.009714630%
County's Proportionate Share of the Net Pension Liability	\$ 1,058,653	\$ 1,108,006	\$ 1,190,388	\$ 1,016,932
County's Covered-Employee Payroll (FYE 9/30)	\$ 3,329,149	\$ 3,285,923	\$ 1,822,785	\$ 3,158,276
County's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	31.80%	34.00%	65.31%	32.20%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	2.15%	1.64%	0.97%	0.50%

Notes to Schedule:

The amounts presented for the Net Pension Liability were determined using a measurement date of June 30.

The Covered-Employee Payroll is for the fiscal year shown.

The Schedule will build to 10 years as information becomes available.

LIBERTY COUNTY, FLORIDA
HEALTH INSURANCE SUBSIDY PENSION PLAN
SCHEDULE OF THE COUNTY'S CONTRIBUTIONS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	<u>September 30, 2018</u>	<u>September 30, 2017</u>	<u>September 30, 2016</u>	<u>September 30, 2016</u>
Contractually Required Contributions	\$ 54,243	\$ 54,616	\$ 54,406	\$ 41,021
Contributions in Relation to the Contractually Required Contribution	<u>(54,243)</u>	<u>(54,616)</u>	<u>(54,406)</u>	<u>(41,021)</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
County's Covered-Employee Payroll	\$ 3,329,149	\$ 3,285,923	\$ 1,822,785	\$ 3,158,276
Contributions as a Percentage of Covered-Employee Payroll	1.63%	1.66%	2.98%	1.30%

Notes to Schedule:

The Schedule will build to 10 years as information becomes available.

LIBERTY COUNTY, FLORIDA
OTHER POSTEMPLOYMENT BENEFITS PLAN (OPEB)
SCHEDULE OF CHANGES IN TOTAL OTHER POSTEMPLOYMENT BENEFITS
AND RELATED RATIOS
AS OF SEPTEMBER 30, 2018

Actuarial Valuation Date	10/1/2017
Measurement Date	9/30/2018
Reporting Date	9/30/2018

Total OPEB Liability		
Service Cost	\$	97,854
Interest on the Total OPEB Liability		62,354
Changes of Benefit Terms		0
Changes of Assumptions		(82,385)
Differences Between Expected and Actual Experience		0
Benefit Payments		(112,665)
Net Change in Total OPEB Liability		(34,842)
Total OPEB Liability - Beginning of Year		<u>1,670,995</u>
Total OPEB Liability - End of Year	\$	<u><u>1,636,153</u></u>

Net OPEB Liability	\$	<u><u>1,636,153</u></u>
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Estimated Covered-employee Payroll	\$	3,228,553
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Total OPEB Liability as a percentage of Covered-employee Payroll		50.68%
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Note to Schedule:
10 years of data will be displayed as information becomes available.

**LIBERTY COUNTY, FLORIDA
COMBINING BALANCE SHEET
ALL NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2018**

	Special Revenue			
	Ambulance	SHIP Fund	Landfill	Voted Gas Tax
Assets				
Cash	\$ 0	\$ 318,570	\$ 312,285	\$ 0
Investments	0	0	52,921	0
Reveivables (Net)	56,469	0	54	0
Prepaid Items	0	0	0	0
Due from Other Funds	204,731	9,553	0	149,641
Due from Other Governments	253	0	14,600	57,793
Due from Individuals	0	0	0	0
Total Assets	<u>261,452</u>	<u>328,123</u>	<u>379,860</u>	<u>207,433</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable and Accrued Expenses	151	36	2,409	0
Due to Individuals	0	0	0	0
Due to Other Funds	0	0	64,597	0
Due to Other Governments	0	0	0	0
Deferred Revenues	8,715	318,534	0	0
Total Liabilities	<u>8,866</u>	<u>318,570</u>	<u>67,006</u>	<u>0</u>
Deferred Inflows of Resources				
Unavailable Revenues	<u>0</u>	<u>0</u>	<u>0</u>	<u>29,101</u>
Fund Balances				
Nonspendable	0	0	0	0
Restricted	0	9,553	365,206	178,332
Committed	0	0	0	0
Assigned	0	0	0	0
Unassigned	252,586	0	(52,352)	0
Total Fund Balances	<u>252,586</u>	<u>9,553</u>	<u>312,853</u>	<u>178,332</u>
Total Liabilities and Fund Balances	<u>\$ 261,452</u>	<u>\$ 328,123</u>	<u>\$ 379,860</u>	<u>\$ 207,433</u>

LIBERTY COUNTY, FLORIDA
COMBINING BALANCE SHEET
ALL NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2018

Special Revenue

<u>Liberty Transit</u>	<u>Weatherization Program</u>	<u>Public Safety 911</u>	<u>Solid Waste</u>	<u>Police Training</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
0	0	0	0	0
10,416	0	0	36,807	0
0	0	0	0	0
324,957	0	171,727	0	2,180
251,651	0	24,063	0	0
0	0	0	0	0
<u>587,024</u>	<u>0</u>	<u>195,790</u>	<u>36,807</u>	<u>2,180</u>
1,106	0	90	48,934	0
0	0	0	0	0
0	0	0	28,010	0
0	0	0	0	0
0	0	0	0	0
<u>1,106</u>	<u>0</u>	<u>90</u>	<u>76,943</u>	<u>0</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
0	0	0	0	0
585,918	0	195,701	0	2,180
0	0	0	0	0
0	0	0	0	0
0	0	0	(40,136)	0
<u>585,918</u>	<u>0</u>	<u>195,701</u>	<u>(40,136)</u>	<u>2,180</u>
<u>\$ 587,024</u>	<u>\$ 0</u>	<u>\$ 195,790</u>	<u>\$ 36,807</u>	<u>\$ 2,180</u>

LIBERTY COUNTY, FLORIDA
COMBINING BALANCE SHEET
ALL NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2018

	<u>Special Revenue</u>		
	<u>Law Enforcement Trust</u>	<u>Sheriff Special Revenue</u>	<u>Clerk of the Circuit Court Court Related</u>
Assets			
Cash	\$ 0	\$ 19,245	\$ 52,672
Investments	0	0	0
Reveivables (Net)	0	0	0
Prepaid Items	0	0	0
Due from Other Funds	8,679	19,511	0
Due from Other Governments	0	0	3,573
Due from Individuals	0	0	0
Total Assets	<u>8,679</u>	<u>38,756</u>	<u>56,245</u>
Liabilities and Fund Balances			
Liabilities			
Accounts Payable and Accrued Expenses	0	0	0
Due to Individuals	0	0	0
Due to Other Funds	0	0	0
Due to Other Governments	0	0	34,632
Deferred Revenues	0	0	21,613
Total Liabilities	<u>0</u>	<u>0</u>	<u>56,245</u>
Deferred Inflows of Resources			
Unavailable Revenues	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances			
Nonspendable			
Restricted	8,679	38,756	0
Committed	0	0	0
Assigned	0	0	0
Unassigned	0	0	0
Total Fund Balances	<u>8,679</u>	<u>38,756</u>	<u>0</u>
Total Liabilities and Fund Balances	<u>\$ 8,679</u>	<u>\$ 38,756</u>	<u>\$ 56,245</u>

**LIBERTY COUNTY, FLORIDA
COMBINING BALANCE SHEET
ALL NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2018**

Special Revenue		Capital Projects		Total Nonmajor Governmental Funds
Clerk of the Circuit Court Child Support	Clerk of the Circuit Court Modernization	County Transportation II		
\$ 124,214	\$ 26,903	\$ 0	\$ 853,889	
0	0	804,715	857,636	
0	0	0	103,746	
0	0	0	0	
0	0	0	890,979	
3,697	0	0	355,630	
0	0	0	0	
127,910	26,903	804,715	3,061,879	
0	0	0	52,725	
0	0	0	0	
0	0	0	92,607	
0	0	0	34,632	
0	0	0	348,862	
0	0	0	528,826	
0	0	0	29,101	
127,910	26,903	804,716	2,343,855	
0	0	0	0	
0	0	0	0	
0	0	0	160,098	
127,910	26,903	804,716	2,503,953	
\$ 127,910	\$ 26,903	\$ 804,716	\$ 3,061,878	

LIBERTY COUNTY, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2018

	Special Revenue			
	Ambulance	SHIP Fund	Landfill	Voted Gas Tax
Revenues				
Taxes	\$ 0	\$ 0	\$ 0	\$ 0
Licenses and Permits	0	0	0	0
Intergovernmental	70,150	505,186	90,877	318,284
Charges for Services	298,573	0	26,597	0
Fines and Forfeitures	0	0	0	0
Miscellaneous	10,703	1,001	3,404	0
Total Revenues	<u>379,426</u>	<u>506,188</u>	<u>120,878</u>	<u>318,284</u>
Expenditures				
Current:				
General Government	0	0	0	0
Public Safety	445,955	0	0	0
Physical Environment	0	506,188	133,814	0
Transportation	0	0	0	0
Economic Environment	0	0	0	0
Court-related	0	0	0	0
Culture and Recreation	0	0	0	0
Debt Service:				
Principal Payments	0	0	26,447	0
Interest	0	0	2,124	0
Capital Outlay	91,690	0	0	0
(Total Expenditures)	<u>(537,645)</u>	<u>(506,188)</u>	<u>(162,385)</u>	<u>0</u>
(Deficiency) Excess of Revenues (Under)				
Over Expenditures	<u>(158,219)</u>	<u>0</u>	<u>(41,507)</u>	<u>318,284</u>
Other Financing Sources (Uses)				
Operating Transfers in	246,606	9,553	46,651	0
Operating Transfers (out)	0	0	0	(470,027)
Issuance of Debt	0	0	0	0
Total Other Financing Sources (Uses)	<u>246,606</u>	<u>9,553</u>	<u>46,651</u>	<u>(470,027)</u>
Net Change in Fund Balances	88,387	9,553	5,144	(151,743)
Fund Balances, Beginning of Year	164,199	0	307,710	330,075
Fund Balances, End of Year	<u>\$ 252,586</u>	<u>\$ 9,553</u>	<u>\$ 312,853</u>	<u>\$ 178,332</u>

LIBERTY COUNTY, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2018

Special Revenue				
Liberty Transit	Weatherization Program	Public Safety 911	Solid Waste	Police Training
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
0	0	0	0	0
526,198	0	149,264	0	0
181,820	0	0	433,798	0
0	0	0	0	1,663
738	0	0	0	0
<u>708,756</u>	<u>0</u>	<u>149,264</u>	<u>433,798</u>	<u>1,663</u>
0	0	0	0	0
0	0	98,487	0	12,000
0	4	0	402,983	0
407,821	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
253,323	0	50,341	0	0
<u>(661,145)</u>	<u>(4)</u>	<u>(148,828)</u>	<u>(402,983)</u>	<u>(12,000)</u>
47,612	(4)	436	30,815	13,663
57,032	0	10,000	17,800	0
0	0	0	(16,855)	0
0	0	0	0	0
<u>57,032</u>	<u>0</u>	<u>10,000</u>	<u>945</u>	<u>0</u>
104,644	(4)	10,436	31,760	13,663
481,275	5	185,265	(71,896)	12,518
<u>\$ 585,918</u>	<u>\$ 0</u>	<u>\$ 195,701</u>	<u>\$ (40,136)</u>	<u>\$ 26,180</u>

LIBERTY COUNTY, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2018

	Special Revenue			
	Law Enforcement Trust	Sheriff Special Revenue	Clerk of the Circuit Court Court Related	Clerk of the Circuit Court Child Support
Revenues				
Taxes	\$ 0	\$ 0	\$ 0	\$ 0
Licenses and Permits	0	0	0	0
Intergovernmental	0	0	172,896	41,490
Charges for Services	0	0	0	0
Fines and Forfeitures	648	0	141,847	0
Miscellaneous	0	31,430	296	0
Total Revenues	648	31,430	315,038	41,490
Expenditures				
Current:				
General Government	0	0	0	40,733
Public Safety	0	29,196	0	0
Physical Environment	0	0	0	0
Transportation	0	0	0	0
Economic Environment	0	0	0	0
Court-related	0	0	315,038	0
Culture and Recreation	0	0	0	0
Debt Service:				
Principal Payments	0	0	0	0
Interest	0	0	0	0
Capital Outlay	0	0	0	0
(Total Expenditures)	0	(29,196)	(315,038)	(40,733)
(Deficiency) Excess of Revenues (Under)				
Over Expenditures	648	2,234	0	757
Other Financing Sources (Uses)				
Operating Transfers in	0	0	0	0
Operating Transfers (out)	0	0	0	0
Issuance of Debt	0	0	0	0
Total Other Financing Sources (Uses)	0	0	0	0
Net Change in Fund Balances	648	2,234	0	757
Fund Balances, Beginning of Year	8,031	36,522	0	127,153
Fund Balances, End of Year	\$ 8,679	\$ 38,756	\$ 0	\$ 127,910

LIBERTY COUNTY, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2018

<u>Special Revenue</u>	<u>Capital Projects</u>	
<u>Clerk of the Circuit Court Modernization</u>	<u>County Transportation II</u>	<u>Total Nonmajor Governmental Funds</u>
\$ 0	\$ 0	\$ 0
0	0	0
9,225	0	1,883,570
0	0	940,788
0	0	144,157
0	10,884	58,456
<u>9,225</u>	<u>10,884</u>	<u>3,026,971</u>
4,487	0	45,220
0	0	585,639
0	0	1,042,989
0	0	407,821
0	0	0
0	0	315,038
0	0	0
	0	0
	0	26,447
0	0	2,124
0	0	395,354
<u>(4,487)</u>	<u>0</u>	<u>(2,820,631)</u>
<u>4,738</u>	<u>10,884</u>	<u>206,340</u>
0	0	0
0	0	387,642
0	0	(486,882)
0	0	0
<u>0</u>	<u>0</u>	<u>(99,240)</u>
4,738	10,884	107,100
22,165	793,831	2,396,853
<u>\$ 26,902</u>	<u>\$ 804,716</u>	<u>\$ 2,503,952</u>

LIBERTY COUNTY, FLORIDA
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
ALL AGENCY FUNDS
SEPTEMBER 30, 2018

Clerk of the Courts				
	General Agency	Domestic Relations	Registry of Court	Cash Bond
Assets				
Cash	\$ 31,373	\$ 77	\$ 5,190	\$ 14,352
Due from Other Funds	0	0	0	0
Due from Other Governments	0	0	0	0
Total Assets	<u>31,373</u>	<u>77</u>	<u>5,190</u>	<u>14,352</u>
Liabilities				
Due to Individuals	0	0	0	14,352
Due to Other Funds	0	0	0	0
Unremitted Collections	31,373	77	5,190	0
Total Liabilities	<u>\$ 31,373</u>	<u>\$ 77</u>	<u>\$ 5,190</u>	<u>\$ 14,352</u>

LIBERTY COUNTY, FLORIDA
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
ALL AGENCY FUNDS
SEPTEMBER 30, 2018

<u>Sheriff</u>			<u>Tax Collector</u>	
<u>Individual Depository</u>	<u>Suspense</u>	<u>Inmate Trust</u>	<u>Tax and Tag</u>	<u>Totals</u>
\$ 249	\$ 4,586	\$ 75,001	\$ 54,521	\$ 185,349
0	0	0	0	0
0	0	0	0	0
<u>249</u>	<u>4,586</u>	<u>75,001</u>	<u>54,521</u>	<u>185,349</u>
0	0	0	0	14,352
0	0	19,511	0	19,511
249	4,586	0	54,521	95,996
<u>\$ 249</u>	<u>\$ 4,586</u>	<u>\$ 19,511</u>	<u>\$ 54,521</u>	<u>\$ 129,859</u>

LIBERTY COUNTY, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDING SEPTEMBER 30, 2018

Federal and State Grantor	CFDA / CSFA	Grant I.D.	Program Award	Federal
Pass Through Grantor / Program Title	Number	Number	Amount	Expenditures
<u>Federal Awards</u>				
U.S. Department of Agriculture				
Pass through Florida Department of Agriculture and Consumer Services				
Schools and Roads-Grants to States	10.665	N/A	\$ 338,131	\$ 338,131
Total U.S. Department of Agriculture			<u>338,131</u>	<u>338,131</u>
U.S. Department of Housing and Urban Development				
Pass through Florida Department of Economic Opportunity				
Community Development Block Grants (CDBG)	14.228	17-DB-OJ-02-49-01-N 28	700,000	30,739
Total U.S. Department of Housing and Urban Development			<u>700,000</u>	<u>30,739</u>
U.S. Department of Interior				
Federal Payment in Lieu of Taxes (Secure Rural Schools)	15.226	N/A	713,044	713,044
Total U.S. Department of Interior			<u>713,044</u>	<u>713,044</u>
U.S. Department of Justice				
Pass through Florida Office of the Attorney General				
Victims of Crime Act	16.575	VOCA 2017 Liberty 00429	59,091	59,091
Total U.S. Department of Justice			<u>59,091</u>	<u>59,091</u>

LIBERTY COUNTY, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDING SEPTEMBER 30, 2018

Federal and State Grantor Pass Through Grantor / Program Title	CFDA /		Program	
	CSFA Number	Grant I.D. Number	Award Amount	Federal Expenditures
<u>Federal Awards (continued)</u>				
U.S. Department of Transportation				
Pass through Florida Department of Transportation				
Formula Grants for Rural Areas	20.509	4213613-84	50,768	50,768
Total U.S. Department of Transportation			<u>50,768</u>	<u>50,768</u>
U.S. Election Assistance Commission				
Pass through Florida Department of State		MOA 2018-2019-001		
Help America Vote Act Requirement Payments	90.401	MOA 2018-2018-002	67,942	44,100
Total U.S. Election Assistance Commission			<u>67,942</u>	<u>44,100</u>
U.S. Department of Health and Human Services				
Pass through Florida Department of Revenue				
Child Support Enforcement	93.563	CST39	593	593
Child Support Enforcement (Title IV-D)	93.563	COC39	81,017	81,017
Total U.S. Department of Health and Human Services			<u>81,610</u>	<u>81,610</u>
U.S. Department of Homeland Security				
Pass through Florida Division of Emergency Management				
Disaster Grants-Public Assistance	97.036	Z0020, Z0020-1, Z0020-2	44,005	44,005
Emergency Management Performance Grant	97.042	18-FG-7A-02-49-01-145	40,069	20,222
Emergency Management Performance Grant	97.042	16-FG-AF-02-49-01-105	40,102	13,693
Total U.S. Department of Homeland Security			<u>124,176</u>	<u>77,920</u>
Total Federal Awards			<u>\$ 2,134,762</u>	<u>\$ 1,395,403</u>

LIBERTY COUNTY, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2018

Federal and State Grantor	CFDA / CSFA	Grant I.D.	Program Award	Federal
Pass Through Grantor / Program Title	Number	Number	Amount	Expenditures
<u>State Financial Assistance</u>				
Florida State Court System				
Small County Courthouse Facilities	22.004	N/A	120,000	120,000
Total Florida State Court System			120,000	120,000
Florida Executive Office of the Governor				
Emergency Management Programs	31.063	18-BG-W9-02-49-01-219	\$ 105,806	\$ 88,918
Emergency Management Programs	31.063	19-BG-21-02-49-01-144	105,806	15,801
Total Florida Department of Environmental Protection			211,612	104,719
Florida Department of Environmental Protection				
Small County Solid Waste	37.012	SC722	90,909	90,877
Total Florida Department of Environmental Protection			90,909	90,877
Florida Housing Finance Corporation				
State Housing Initiatives Partnership Program (SHIP)	40.901		350,000	318,569
Total Florida Department of Agriculture and Consumer			350,000	318,569
Florida Department of Agriculture and Consumer Services				
Mosquito Control Grant	42.003	024746	32,468	32,468
Total Florida Department of Agriculture and Consumer Services			32,468	32,468

LIBERTY COUNTY, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2018

Federal and State Grantor	CFDA / CSFA	Grant I.D.	Program Award	Federal
Pass Through Grantor / Program Title	Number	Number	Amount	Expenditures
<u>State Financial Assistance (continued)</u>				
Florida Department of State				
State Aid to Libraries	45.030	18-ST-44	58,847	58,847
Total Florida Department of State			<u>58,847</u>	<u>58,847</u>
Florida Department of Transportation				
Commission for the Transportation Disadvantaged	55.001	G0M59	245,650	183,306
Commission for the Transportation Disadvantaged	55.001	G0X42	288,538	57,766
Sub-total for CFDA 55.001			<u>534,188</u>	<u>241,072</u>
County Incentive Grant Program (CR 379A)	55.008	G0287	1,146,983	189,734
County Incentive Grant Program (SR 67)	55.008	G0S51	923,239	68,518
Sub-total for CFDA 55.008			<u>2,070,222</u>	<u>258,252</u>
Small County Outreach Program (SCOP) (CR 379)	55.009	G0S52	1,749,638	127,723
Small County Outreach Program (SCOP) (Neal Subdivision)	55.009	G0S53	1,089,990	68,077
Small County Outreach Program (SCOP) Lake Mystic Church	55.009	G0304	449,132	331,154
Small County Outreach Program (SCOP) (Kever)	55.009	G0305	833,902	2,580
Sub-total for CFDA 55.009			<u>4,122,662</u>	<u>529,534</u>
Public Transit Service Development Program	55.012	G0E70	244,000	233,365
Small County Road Assistance Program (SCRAP) (CR 120)	55.016	G03444	99,767	39,750
Small County Road Assistance Program (SCRAP) (Talquin Circle)	55.016	G0S55	373,032	37,349
Small County Road Assistance Program (SCRAP) (CR 22)	55.016	G0S54	100,000	8,127
Sub-total for CFDA 55.016			<u>572,799</u>	<u>85,226</u>
Total Florida Department of Transportation			<u>7,543,871</u>	<u>1,347,449</u>

LIBERTY COUNTY, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2018

Federal and State Grantor	CFDA / CSFA	Grant I.D.	Program Award	Federal
Pass Through Grantor / Program Title	Number	Number	Amount	Expenditures
<u>State Financial Assistance (continued)</u>				
Florida Department of Health				
Emergency Medical Services (EMS) Matching Awards	64.003	M6004	64,292	64,292
County Grant Awards	64.005	C5039	1,349	1,349
Total Florida Department of Health			<u>65,641</u>	<u>65,641</u>
Florida Department of Law Enforcement				
Jail Safety Renovation Grant	71.027	G1671	145,000	138,702
Total Florida Department of Law Enforcement			<u>145,000</u>	<u>138,702</u>
Florida Department of Management Services				
Wireless 911 Emergency Telephone System	72.001	18-04-21	38,055	38,055
Wireless 911 Emergency Telephone System	72.001	17-11-16	10,840	10,840
Total Florida Department of Management Services			<u>48,895</u>	<u>48,895</u>
Total State Financial Assistance			<u>8,667,243</u>	<u>2,326,167</u>
Total State and Federal Financial Assistance			<u>\$ 10,802,005</u>	<u>\$ 3,721,570</u>

LIBERTY COUNTY, FLORIDA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2018

Note 1 - General

The accounting policies and presentation of the accompanying schedule of expenditures of federal awards and state financial assistance of Liberty County, Florida (the County). Have been designed to conform with generally accepted accounting principles applicable to governmental units. The information in these schedules is presented in accordance with the requirement of Title 2 U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards (Uniform Guidance) , and Chapter 10.550, *Rules of the Auditor General* of the State of Florida.

Note 2 - Basis of Presentation

The accompanying schedule of expenditures of federal awards and state financial assistance projects includes the federal and state award activity of Liberty County, Florida, and is presented using the same basis of accounting as the fund in which the grant is recorded, generally the accrual or modified accrual basis of accounting, as described in Note 2 to the County's financial statements.

Note 3 - Contingencies

Grant monies received and disbursed by the County are for specific purposes and are subject to review by grantor agencies. Such audits may result in requests for reimbursements due to disallowances of expenditures. Based upon prior experience, the County does not believe that such disallowances, if any, would have a material effect on the financial position of the County.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND STATE FINANCIAL ASSISTANCE PROJECT AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY UNIFORM GUIDANCE AND
CHAPTER 10.550, RULES OF THE AUDITOR GENERAL**

The Honorable Board of County Commissioners
and Constitutional Officers
Liberty County, Florida

Report on Compliance for Each Major Federal Program and State Financial Assistance Project

We have audited Liberty County, Florida's (the County) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (*OMB Compliance Supplement*) and the requirements described in the Florida Department of Financial Services' *State Projects Compliance Supplement*, that could have a direct and material effect on each of the County's major federal programs and state financial assistance projects for the year ended September 30, 2018. The County's major federal programs and major state financial assistance projects are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs and state financial assistance projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (Uniform Guidance); and Chapter 10.550, *Rules of the Auditor General*. Those standards, Uniform Guidance and Chapter 10.550 Rules of the Florida Auditor General require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or state financial assistance project occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program and major state financial assistance project. However, our audit does not provide a legal determination of the County's compliance with those requirements.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND STATE FINANCIAL ASSISTANCE PROJECT AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY UNIFORM GUIDANCE AND
CHAPTER 10.550, RULES OF THE AUDITOR GENERAL (Continued)**

Opinion on the Major Federal Program and State Financial Assistance Projects

In our opinion, the County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs or major state financial assistance projects for the year ended September 30, 2018.

Report on Internal Control over Compliance

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

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

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

Purpose of this Report

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

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND STATE FINACIAL ASSISTANCE PROJECT AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY UNIFORM GUIDANCE AND
CHAPTER 10.550, RULES OF THE AUDITOR GENERAL (Concluded)**

**Schedule of Expenditures of Federal Awards and State Financial Assistance Required by the
Uniform Guidance and Chapter 10.550, *Rules of the Auditor General***

We have audited the financial statements of the County as of and for the year ended September 30, 2018, and have issued our report thereon dated June 27, 2019, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditure of federal awards and state financial assistance is presented for the purposes of additional analysis as required by Uniform Guidance and Chapter 10.550, *Rules of the Auditor General* and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and state financial assistance is fairly stated in all material respects in relation to the financial statements taken as a whole.

Moran & Smith LLP
June 27, 2019
Tallahassee, Florida

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

The Honorable Board of County Commissioners
and Constitutional Officers
Liberty County, Florida

We have examined the Liberty County, Florida's (the County) compliance with the requirements of Section 218.415, Florida Statutes, as of for the year ended September 30, 2018, as required by Section 10.556(10)(a), *Rules of the Auditor General*. Management is responsible for the County's compliance with those requirements. Our responsibility is to express an opinion on County's compliance based on our examination.

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

In our opinion, the County complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2018.

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

Moran & Smith LLP
June 27, 2019
Tallahassee, Florida

**INDEPENDENT ACCOUNTANTS' REPORT ON
COMPLIANCE WITH SECTION 365.172(10)
AND SECTION 365.173(2)(d), FLORIDA STATUTES.**

The Honorable Board of County Commissioners
and Constitutional Officers
Liberty County, Florida

We have examined the Liberty County, Florida's (the County) compliance with the requirements of Section 365.172(10), and Section 365.173(2)(d), Florida Statutes, as of for the year ended September 30, 2018, as required by Section 10.556(10)(a), *Rules of the Auditor General*. Management is responsible for the County's compliance with those requirements. Our responsibility is to express an opinion on County's compliance based on our examination.

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

In our opinion, the County complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2018.

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

Moran & Smith LLP
June 27, 2019
Tallahassee, Florida

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

The Honorable Board of County Commissioners
and Constitutional Officers
Liberty County, Florida

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information for Liberty County, Florida, (the County) as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated June 27, 2019.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, there can be no assurance that all material weaknesses or significant deficiencies have been identified. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be a material weakness. However, material weaknesses may exist that have not been identified.

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

Compliance and Other Matters

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

We also noted certain additional matters that we have reported to management of the County in a separate management letter dated June 27, 2019.

Purpose of this report

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

Moran & Smith LLP
June 27, 2019
Tallahassee, Florida

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL AWARD PROGRAMS AND STATE FINANCIAL ASSISTANCE PROJECTS
FOR THE YEAR ENDED SEPTEMBER 30, 2018
LIBERTY COUNTY, FLORIDA**

PART I- SUMMARY OF AUDITORS' RESULTS

1. The independent auditors' report expresses unqualified opinions on the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Liberty County, Florida, as of and for the year ended September 30, 2018.
2. There were no instances of material weakness(es) or significant deficiency(ies) identified during the audit of the financial statements reported in the report on internal control over financial reporting and compliance and other matters based on an audit of financial statements performed in accordance with *Government Auditing Standards*.
3. There were no instances of noncompliance identified during the audit of the financial statements as reported in the report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with *Government Auditing Standards*.
4. The audit disclosed no significant deficiencies relating to the audit of the major federal award programs and major state financial assistance projects reported in the Independent Auditors' Report on Compliance for Each Major Federal Award and State Financial Assistance project on that are required to be reported in the schedule of findings and questioned costs.
5. The "Independent Auditors' Report on Compliance for Each Major Federal Award Program and State Financial Assistance Projects and on Internal Control Over Compliance Required by Uniform Guidance and Chapter 10.550 rules of the Auditor General "for Liberty County, Florida, expresses an unmodified opinion.
6. The audit disclosed no findings required to be reported in accordance with the Uniform Guidance or Chapter 10.550, *Rules of the Auditor General* relative to the major federal awards programs or state financial assistance projects for Liberty County, Florida.
7. The programs/projects tested as major federal award programs and major state financial assistance programs/projects included the following:

U.S. Department of Interior

Federal Payment in Lieu of Taxes (Secure Rural Schools)	15.226
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Florida Department of Transportation

CTD Grant Program	55.001
County Incentive Grant	55.008
Small County Outreach Program (SCOP)	55.009
State Housing Initiative Partnership Program	40.901

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL AWARD PROGRAMS AND STATE FINANCIAL ASSISTANCE PROJECTS FOR THE
YEAR ENDED SEPTEMBER 30, 2018
LIBERTY COUNTY, FLORIDA
(Concluded)**

PART I - SUMMARY OF AUDIT RESULTS (concluded)

8. The threshold for distinguishing Type A and Type B programs/projects was \$ \$750,000 for major federal award programs and \$ 300,000 for major state financial assistance projects.
9. Liberty County, Florida, did not qualify as a low-risk auditee.

PART II - FINDINGS - FINANCIAL STATEMENT FINDINGS

There were no findings relative to the Financial Statements

PART III - FINDINGS AND QUESTIONED COSTS - FEDERAL AWARD PROGRAMS

There were no findings relative to the federal programs

PART IV - FINDINGS AND QUESTIONED COSTS - MAJOR STATE FINANCIAL ASSISTANCE PROJECTS

There were no findings relative to the major state projects

PART V - SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS RELATIVE TO FINANCIAL ASSISTANCE

There were no prior audit findings

MANAGEMENT LETTER

The Honorable Board of County Commissioners
and Constitutional Officers
Liberty County, Florida

Report on the Financial Statements

We have audited the financial statements of Liberty County, Florida; (the County) as of and for the fiscal year ended September 30, 2018, and have issued our report thereon dated June 27, 2019.

Auditor's Responsibility

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

Other Reports and Schedule

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditor's Report on Compliance for Each Major Federal Awards Program and State Assistance Project and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountant's Report on an examination conducted in accordance with AICPA Professional Standards, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Florida Auditor General*. Disclosures in those reports and schedules if any, which are dated June 27, 2019, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)l., *Rules of the Auditor General*, requires that we determine whether or not corrective actions have been taken to address significant findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report.

Official Title and Legal Authority

Section 10.554(1)(i)4., *Rules of the Auditor General*, requires that the name or official title and legal authority of the primary government and each component unit of the reporting entity be disclosed in the management letter, unless disclosed in the notes to the special purpose financial statements. This was disclosed in the footnotes. There were no component units related to the County.

MANAGEMENT LETTER
(Continued)

Financial Condition

Section 10.554(1)(i)5.a., and 10.556(7), *Rules of the Auditor General*, requires that we report the results of our determination as to whether or not the County has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific conditions met. In connection with our audit, we determined that the County did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Section Sections 10.554(1)(i)5.b. and 10.556(8), *Rules of the Auditor General*, we applied financial condition assessment procedures. It is management's responsibility to monitor the County's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Other Matters

Section 10.554(1)(i)2., *Rules of the Auditor General*, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

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

Purpose of This Letter

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

Moran & Smith LLP
June 27, 2019
Tallahassee, Florida