

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT
LIBERTY COUNTY, FLORIDA
SEPTEMBER 30, 2015**

**LIBERTY COUNTY BOARD OF COUNTY COMMISSIONERS
SEPTEMBER 30, 2015**

Dewayne Branch
District 1

Dexter Barber
District 2

Jim Johnson
District 3

Davis Stoutamire
District 4

Scott Phillips
District 5

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Clerk of the Circuit Court
Kathleen E. Brown

Sheriff
Nick Finch

Tax Collector
Marie Goodman

Property Appraiser
Patricia Whitfield

Supervisor of Elections
Gina McDowell

**FINANCIAL STATEMENTS
AND
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LIBERTY COUNTY, FLORIDA
SEPTEMBER 30, 2015
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LIBERTY COUNTY, FLORIDA
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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, 2015, 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, 2015, 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.

Emphasis of Matter

As discussed in Note 2 to the financial statements, during the current year, the County adopted Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions, and GASB Statement No. 71, Pensions Transition for Contributions Made Subsequent to the Measurement Date. These statements require employees participating in defined benefit plans to report the net pension liability and other pension related deferred inflows and outflows related to these plans. In connection with the implementation of these statements, the County increased its beginning net position in the governmental activities by \$1,436,784. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the OPEB schedule of funding progress and the OPEB schedule of employer contributions on pages 4 to 11 and page 45 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

INDEPENDENT AUDITOR'S REPORT
(Concluded)

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 federal awards and state financial assistance, as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and 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 federal awards and 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 federal awards and 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated April 14, 2015, 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
Certified Public Accountants

June 29, 2016
Quincy, FL

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

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 2014-15 fiscal year by \$25,844,248. The total revenue from all sources was \$11,117,749 and total expenditures for all services were \$9,827,666 for an entity-wide increase in net position of \$1,290,083.

Total *net* position are comprised of the following:

1. Capital assets, net of related debt of \$25,643,806 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 \$637,173 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 \$ (36,661).

The County's total *net* position increased by \$1,290,083 in fiscal year ended September 30, 2015, with a increase of \$ 1,436,784 resulting from governmental activities and a decrease of \$ 146,701 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 \$ 10,809,410 while the total costs of all County programs were \$ 9,354,626. The General Fund (the primary operating fund) reflected on a current financial resource basis, reports a decrease in unreserved fund balance of \$ 390,287.

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Continued)

The County's Proprietary Fund had a decrease in net position of \$ 164,701 prior to operating transfers in of \$ 18,000, which resulted in an overall decrease of net position of \$ 146,701.

The County's summary of Long-term Liabilities indicates an overall increase in Long-term debt of \$980,535 with an increase of \$ 994,536 for Governmental activities and a reduction of \$ 14,000 for Business-type activities. The County's total Long-term Debt for Governmental activities was \$ 3,527,211 and 577,000 for Business-type activities at year-end.

The County received \$ 3,985,612 in Federal and State Grant Programs including \$ 1,696,747 in operating grants and \$2,288,865 capital grants. The County also received an additional \$ 3,046,009 in Federal and State shared revenues.

County Highlights

The Georgia Pacific Company completed its mill in the County in 2005. The mill produces a fiberboard product and employs hundreds of people since it reached full production. The mill was granted an exemption from property taxes for the first six years. They will continue with a ten-year tax break. For 2012 at 70%, 2014 at 80%, 2014 at 90% and in 2015 it will be taxed at 100% of value.

The County has completed additional extensions of the Water System and is in the process of connecting new customers. The additional Water System improvements have already had an effect on the increase of property value.

The county received numerous Federal and State Grants that were used for the purposes of repaving roads and the construction of other capital projects.

The County collected \$ 2,122,223 in Ad Valorem taxes in 2015. This was a slight increase over the amount collected in 2014.

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.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

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 of 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS *(Continued)*

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 \$ 6,572,553 at the close of the most recent fiscal year.

By far, the largest portion of the County's net position (98 %) reflects its investment in capital assets, less any related debt to acquire those assets that is still outstanding. At year-end this amount was \$ 25,643,806. 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 \$ 808,640 and incurred an additional \$1,789,176 as an increase in Employee Compensated Absences payable, other postemployment benefits, and the FRS pension liability.

An additional portion of the County's net position (14 %) represents resources that are subject to external restrictions (i.e., Florida Statutes, grant proceeds, etc.). Total restricted assets at year-end were \$ 3,797,560. This leaves an unrestricted balance of \$ (3,197,048) of the County's net position to meet the government's ongoing obligations to citizens and creditors. This is a significant change from the deficits the County has had in its past. There was an overall increase in net position of \$ 1,290,083.

The County added \$ 571,543 in capital assets being depreciated. The County also incurred \$ 1,223,361 in depreciation expense on Governmental activities and \$ 127,319 on the Water System.

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

Comparative Statement of Net Position

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Assets						
Current and Other Assets	\$ 7,779,188	\$ 7,889,945	\$ 22,065	\$ 58,667	\$ 7,801,253	\$ 7,948,612
Capital Assets	24,158,838	23,654,253	2,165,691	2,293,011	26,324,529	25,947,264
Total Assets	31,938,026	31,544,198	2,187,756	2,351,678	34,125,782	33,895,876
Liabilities						
Current Liabilities	1,156,974	1,575,828	71,726	76,947	1,228,700	1,652,775
Noncurrent Liabilities	6,502,834	3,214,636	550,000	562,000	7,052,834	3,776,636
Total Liabilities	7,659,808	4,790,464	621,726	638,947	8,281,534	5,429,411
Net Position						
Invested in Capital Assets						
Net of Debt	24,041,115	23,239,252	1,602,691	1,716,011	25,643,806	24,955,263
Restricted	3,797,560	3,912,728	0	0	3,797,560	3,912,728
Unrestricted	(3,160,387)	(398,246)	(36,661)	(3,280)	(3,197,048)	(401,526)
Total Net Position	\$ 24,678,288	\$ 26,753,734	\$ 1,566,030	\$ 1,712,731	\$ 26,244,318	\$ 28,466,465

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

Comparative Statement of Activities

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues						
Program Revenues:						
Charges for						
Services	\$ 1,411,697	\$ 1,267,523	\$ 286,144	\$ 297,819	\$ 1,697,841	\$ 1,565,342
Operating Grants						
and Contributions	1,696,747	1,886,208	0	0	1,696,747	1,886,208
Capital Grants and						
Contributions	2,266,670	5,154,840	22,195	0	2,288,865	5,154,840
General Revenues:						
Property Taxes	2,122,223	1,831,438	0	0	2,122,223	1,831,438
Other Taxes	3,046,009	2,903,965	0	0	3,046,009	2,903,965
Other	266,064	175,280	0	0	266,064	175,280
Total Revenues	10,809,410	13,219,254	308,339	297,819	11,117,749	13,517,073
Expenses						
Program Expenses						
General Government	2,671,219	2,383,037	0	0	2,671,219	2,383,037
Public Safety	2,964,635	3,070,996	0	0	2,964,635	3,070,996
Physical Environment	(97,950)	690,187	0	0	(97,950)	690,187
Transportation	2,566,201	2,929,115	0	0	2,566,201	2,929,115
Economic						
Environment	293,462	182,822	0	0	293,462	182,822
Human Services	185,834	223,205	0	0	185,834	223,205
Culture and						
Recreation	449,399	221,045	0	0	449,399	221,045
Court-related	316,748	356,341	0	0	316,748	356,341
Water Fund	0	0	473,040	445,287	473,040	445,287
Interest on Long-term						
Debt	5,078	5,130	0	0	5,078	5,130
Total Expenses	9,354,626	10,061,878	473,040	445,287	9,827,666	10,507,165
Transfers	(18,000)	(118,441)	18,000	118,441	0	0
Increase in Net Position	1,436,784	3,038,935	(146,701)	(29,027)	1,290,083	3,009,908
Net Position Beginning of Year **	23,241,504	23,714,799	1,712,731	1,741,758	24,954,235	25,456,557
Net Position End of Year	\$ 24,678,288	\$ 26,753,734	\$ 1,566,030	\$ 1,712,731	\$ 26,244,318	\$ 28,446,465

** Net Position has been restated as of October 1, 2014, for the implementation of GASB 68.

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Continued)

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 \$ 51,816. The County's total governmental fund balances at September 30, 2015, were \$ 6,646,244. Of this amount, \$ 2,837,282 (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 \$ 2,559,266. Total expenditures including transfers out were \$ 6,342,682. The fund balance at year-end is sufficient to cover about 40% 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 \$ 4,911,822 to \$ 5,818,924 and actual expenditures of the General Fund were \$ 5,463,822. This was \$ 355,102 under the amount in the final budget. Budgeted transfers out was remained at \$200,001. Actual transfers out were \$ 878,860 a difference of \$ (678,859). Actual revenues were over the amounts originally budgeted, and the net change in fund balance was a decrease of \$ 390,287.

CAPITAL ASSETS AND DEBT MANAGEMENT

Capital Assets

The County's investment in capital assets for its governmental activities as of September 30, 2015, exceeded \$ 24,041,115 (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 \$ 571,543 in depreciable assets.

An increase in accumulated depreciation of \$ 1,223,361.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Concluded)

Long-Term Debt

As previously stated, for the fiscal year ended September 30, 2015, the County's long-term debt consisted of bonds payable on the Water System, mortgage payable on the Hosford Fire Station, 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, \$3,716,206 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 32321.615

BASIC FINANCIAL STATEMENTS

STATEMENT OF NET POSITION
SEPTEMBER 30, 2015
LIBERTY COUNTY, FLORIDA

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Cash	\$ 2,938,394	\$ 0	\$ 2,938,394
Investments	3,379,152	0	3,379,152
Accounts Receivable, Net	165,376	24,463	189,839
Internal Balances	2,398	(2,398)	0
Due from Other Governments	987,864	0	987,864
Prepaid Items	11,402	0	11,402
Due from Individuals	0	0	0
Restricted Cash and Investments	294,602	0	294,602
Capital Assets:			
Nondepreciable	5,905,455	31,520	5,936,975
Depreciable, Net	18,253,383	2,134,171	20,387,554
Total Assets	31,938,026	2,187,756	34,125,782
Deferred Outflows of Resources			
Pension Related	1,503,481	0	1,503,481
Liabilities			
Accounts Payable and Accrued Expenses	332,128	4,551	336,679
Accrued Interest	0	0	0
Due to Individuals	12,511	0	12,511
Due to Other Governments	1,375	0	1,375
Customer Deposits	0	54,175	54,175
Unearned Revenue	514,446	0	514,446
Noncurrent Liabilities:			
Due Within One Year	296,514	13,000	309,514
Due in More Than One Year	6,502,834	550,000	7,052,834
Total Liabilities	7,659,808	621,726	8,281,534
Deferred Inflows of Resources			
Pension Related	1,103,411	0	1,103,411
Net Position			
Invested in Capital Assets, Net of Related Debt	24,041,115	1,602,691	25,643,806
Restricted	3,797,560	0	3,797,560
Unrestricted	(3,160,387)	(36,661)	(3,197,048)
Total Net Position	\$ 24,678,288	\$ 1,566,030	\$ 26,244,318

See accompanying notes to Financial Statements

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2015
LIBERTY COUNTY, FLORIDA**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
General Government	\$ 2,671,219	\$ 232,954	\$ 78,428	\$ 0	\$ (2,359,837)	\$ 0	\$ (2,359,837)
Public Safety	2,964,635	313,642	530,097	0	(2,120,896)	0	(2,120,896)
Physical Environment	(97,950)	408,903	120,996	0	627,849	0	627,849
Transportation	2,566,201	213,060	391,761	2,093,025	131,645	0	131,645
Economic Environment	293,462	0	279,187	0	(14,275)	0	(14,275)
Human Services	185,834	0	0	0	(185,834)	0	(185,834)
Culture and Recreation	449,399	79,166	64,669	173,645	(131,919)	0	(131,919)
Court Related	316,747	163,972	231,609	0	78,834	0	78,834
Interest on Long-term Debt	5,078	0	0	0	(5,078)	0	(5,078)
Total Governmental Activities	<u>9,354,626</u>	<u>1,411,697</u>	<u>1,696,747</u>	<u>2,266,670</u>	<u>(3,979,512)</u>	<u>0</u>	<u>(3,979,512)</u>
Business-type Activities							
Water Fund	<u>473,040</u>	<u>286,144</u>	<u>0</u>	<u>22,195</u>	<u>0</u>	<u>(164,701)</u>	<u>(164,701)</u>
Total Primary Government	<u>\$ 9,827,666</u>	<u>\$ 1,697,841</u>	<u>\$ 1,696,747</u>	<u>\$ 2,288,865</u>	<u>(3,979,512)</u>	<u>(164,701)</u>	<u>(4,144,213)</u>
General Revenues							
Taxes:							
Property Taxes					2,122,223	0	2,122,223
Franchise and Utility Taxes					17,921	0	17,921
Discretionary Sales Surtax					303,284	0	303,284
Local Option Gas Tax					308,016	0	308,016
Federal Payment in Lieu of Taxes					671,174	0	671,174
Sales Tax and Other Shared Revenues					1,745,614	0	1,745,614
Investment Earnings					8,427	0	8,427
Miscellaneous					257,637	0	257,637
Loss on Disposal of Assets					0	0	0
Transfers					<u>(18,000)</u>	<u>18,000</u>	<u>0</u>
Total General Revenues and Transfers					<u>5,416,296</u>	<u>18,000</u>	<u>5,434,296</u>
Change in Net Position					1,436,784	(146,701)	1,290,083
Net Position, Beginning of Year Restated					<u>23,241,504</u>	<u>1,712,731</u>	<u>24,954,235</u>
Net Position, End of Year					<u>\$ 24,678,288</u>	<u>\$ 1,566,030</u>	<u>\$ 26,244,318</u>

See accompanying notes to Financial Statements

**BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2015
LIBERTY COUNTY, FLORIDA**

	General Fund	Fine and Forfeiture Fund	Transportation Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Assets						
Cash	\$2,338,140	\$ 0	\$ 50,273	\$ 0	\$ 793,076	\$ 3,181,489
Investments	488,769	0	976,287	1,130,467	835,136	3,430,659
Receivables (Net)	1,207	0	0	0	164,169	165,376
Prepaid Items	11,402	0	0	0	0	11,402
Due from Other Funds	323,731	0	0	53,074	691,063	1,067,868
Due from Other Governments	460,982	0	272,440	54,572	199,870	987,864
Due from Individuals	0	0	0	0	0	0
Total Assets	<u>3,624,231</u>	<u>0</u>	<u>1,299,000</u>	<u>1,238,113</u>	<u>2,683,314</u>	<u>8,844,658</u>
Liabilities and Fund Balances						
Liabilities						
Payables and Accrued Expenses	158,742	0	98,979	0	74,407	332,128
Due to Individuals	2,992	0	0	0	9,519	12,511
Internal balances	0	0	0	0	0	0
Due to Other Funds	744,138	0	136,093	0	185,239	1,065,470
Due to Other Governments	0	0	0	0	1,375	1,375
Deferred Revenues	0	0	0	0	514,446	514,446
Total Liabilities	<u>905,872</u>	<u>0</u>	<u>235,072</u>	<u>0</u>	<u>784,986</u>	<u>1,925,930</u>
Deferred Inflows of Resources						
Unavailable Resources	147,691	0	27,710	0	97,083	272,484
Fund Balances						
Nonspendable	11,402	0	0	0	0	11,402
Restricted	0	0	1,036,218	0	688,093	1,724,311
Committed	0	0	0	0	0	0
Assigned	0	0	0	1,238,113	835,136	2,073,249
Unassigned	2,559,266	0	0	0	278,016	2,837,282
Total Fund Balances	<u>2,570,668</u>	<u>0</u>	<u>1,036,218</u>	<u>1,238,113</u>	<u>1,801,245</u>	<u>6,646,244</u>
Total Liabilities and Fund Balances	<u>\$ 3,624,231</u>	<u>\$ 0</u>	<u>\$ 1,299,000</u>	<u>\$ 1,238,113</u>	<u>\$ 2,683,314</u>	<u>\$ 8,844,658</u>

See accompanying notes to Financial Statements

**RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2015
LIBERTY COUNTY, FLORIDA**

Total Fund Balance of Governmental Funds	\$6,646,244
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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.	24,158,838
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Receivables that do not provide current financial resources are reported as deferred inflows of resources in the governmental funds.	272,484
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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	\$1,503,481	
Deferred Inflows Related to Pensions	(1,103,411)	400,070

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	(113,723)	
Accrued Other Postemployment Benefits Obligation	(2,236,000)	
Accrued Compensated Absences	(262,853)	
Estimated Landfill Postclosure Costs	(470,566)	
Net Pension Liability	(3,716,206)	(6,799,348)

Total Net Position of Governmental Activities	<u>\$24,678,288</u>
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STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015
LIBERTY COUNTY, FLORIDA

	General Fund	Fine and Forfeiture Fund	Transportation Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Revenues						
Taxes	\$ 1,117,146	\$ 1,326,282	\$ 295,014	\$ 0	\$ 308,017	\$ 3,046,459
Licenses and Permits	14,258	0	0	0	0	14,258
Intergovernmental	2,578,718	0	1,462,329	630,695	1,211,292	5,883,034
Charges for Services	300,148	0	23,704	0	940,850	1,264,702
Fines and Forfeitures	56,151	4,707	0	0	1,551	62,409
Miscellaneous	184,889	0	2,291	0	78,884	266,064
Total Revenues	4,251,310	1,330,989	1,783,338	630,695	2,540,594	10,536,926
Expenditures						
Current:						
General Government	2,281,180	0	0	0	36,276	2,317,456
Public Safety	2,356,493	0	0	0	691,767	3,048,260
Physical Environment	129,379	0	0	0	550,272	679,651
Transportation	0	0	2,605,036	0	513,310	3,118,346
Economic Environment	15,050	0	0	0	278,412	293,462
Human Services	185,232	0	0	0	0	185,232
Culture and Recreation	487,410	0	0	0	0	487,410
Court-related	0	0	0	0	328,215	328,215
Debt Service:						
Principal Payments	4,000	0	0	0	0	4000
Interest	5,078	0	0	0	0	5,078
(Total Expenditures)	(5,463,822)	0	(2,605,036)	0	(2,398,252)	(10,467,110)
(Deficiency) Excess of Revenues (Under) Over						
Expenditures	(1,212,512)	1,330,989	(821,698)	630,695	142,342	69,816
Other Financing Sources (Uses)						
Operating Transfers in	1,701,085	677,821	775,139	0	253,524	3,407,569
Operating Transfers out	(878,860)	(1,622,230)	(60,000)	(580,215)	(284,264)	(3,425,569)
Total Other Financing Sources (Uses)	822,225	(944,409)	715,139	(580,215)	(30,740)	(18,000)
Net Change in Fund Balances	(390,287)	386,580	(106,559)	50,480	111,602	51,816
Fund Balances, Beginning of Year	2,960,955	(386,580)	1,142,777	1,187,633	1,689,643	6,594,428
Fund Balances, End of Year	\$ 2,570,668	\$ 0	\$ 1,036,218	\$ 1,238,113	\$ 1,801,245	\$ 6,646,244

See accompanying notes to Financial Statements

**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, 2015
LIBERTY COUNTY, FLORIDA**

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

Net change in fund balances - total governmental funds.	\$	51,816
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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	\$ 1,727,944		
Less: Current Year Depreciation	(1,123,361)		504,583

Repayment of long-term debt is reported as an expenditure in governmental funds but as a reduction of long-term liabilities in the statement of net position.		4,000
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Receivables that do not provide current financial resources are reported as Deferred inflows of resources in the governmental fund.		272,484
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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	311,587		
Deferred Inflows Related to Pensions	1,290,849		1,602,436

Some expenses reported in the statement of activities do not require the use of Current financial resources and, therefore are not reported as expenditures In governmental funds.

Compensated Absences	(59,049)		
Other Postemployment Benefits	(276,000)		
Landfill Postclosure Costs	775,118		
Net Pension Liability	(1,438,604)		(998,535)

Change in Net Position of Governmental Activities

	\$	1,436,784
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STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2015
LIBERTY COUNTY, FLORIDA

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues				
Taxes	\$ 707,592	\$ 707,592	\$1,117,146	\$ 409,554
Licenses and Permits	12,141	12,141	14,258	2,117
Intergovernmental Revenues	2,292,343	3,022,852	2,578,718	(444,134)
Fines and Forfeitures	188,282	205,532	56,151	(149,381)
Charges for Services	58,776	58,776	300,148	241,372
Miscellaneous Revenues	16,496	16,496	184,889	168,393
Total Revenues	3,275,630	4,023,389	4,251,310	227,921
Expenditures				
Current:				
General Government	2,044,347	2,250,686	2,281,180	(30,494)
Public Safety	2,603,015	3,242,292	2,356,493	885,799
Physical Environment	51,092	62,970	129,379	(66,409)
Transportation	0	0	0	0
Economic Environment	6,455	7,956	15,050	(7,094)
Human Services	71,924	88,646	185,232	(96,586)
Culture and Recreation	123,400	152,090	487,410	(335,320)
Debt Service:				
Principal	5,000	5,000	4,000	1,000
Interest	6,589	9,284	5,078	4,206
(Total Expenditures)	(4,911,822)	(5,818,294)	(5,463,822)	355,102
Excess of Revenues Over Expenditures	(1,636,192)	(1,795,535)	(1,212,512)	583,023
Other Financing Sources (Uses)				
Operating Transfers in	1,721,929	1,881,272	1,701,085	(180,187)
Operating Transfers out	(200,001)	(200,001)	(878,860)	(678,859)
Total Other Financing (Uses)	1,521,928	1,681,271	822,225	(859,046)
Net Change in Fund Balance	(114,264)	(114,264)	(390,287)	(276,023)
Fund Balance, Beginning of Year	114,264	114,264	2,960,955	2,846,691
Fund Balance, End of Year	\$ 0	\$ 0	\$ 2,570,668	\$ 2,570,668

See accompanying notes to Financial Statements

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FINE AND FORFEITURE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2015
LIBERTY COUNTY, FLORIDA

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues				
Taxes	\$ 1,314,100	\$ 1,314,100	\$ 1,326,282	\$ 12,182
Intergovernmental Revenues	320,844	404,013		(404,013)
Fine and Forfeitures	7,885	7,885	4,707	(3,178)
Miscellaneous Revenues	245	245	0	(245)
Total Revenues	<u>1,643,074</u>	<u>1,726,243</u>	<u>1,330,989</u>	<u>(395,254)</u>
Expenditures				
Current:				
Transportation	0	0	0	0
Debt Service				
Principal	0	0	0	0
Interest	0	0	0	0
(Total Expenditures)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
(Deficiency) of Revenues (Under)				
Expenditures	<u>1,643,074</u>	<u>1,726,243</u>	<u>1,330,989</u>	<u>(395,254)</u>
Other Financing Sources (Uses)				
Operating Transfers in	0	0	677,821	677,821
Operating Transfers out	(1,643,074)	(1,802,417)	(1,622,230)	180,187
Total Other Financing Sources	<u>(1,643,074)</u>	<u>(1,802,417)</u>	<u>(944,409)</u>	<u>858,008</u>
Net Change in Fund Balance	0	(76,174)	386,580	462,754
Fund Balance, Beginning of Year	<u>0</u>	<u>76,174</u>	<u>(386,580)</u>	<u>(462,754)</u>
Fund Balance, End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

See accompanying notes to Financial Statements

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
TRANSPORTATION FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2015
LIBERTY COUNTY, FLORIDA

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues				
Taxes	\$ 0	\$ 0	\$ 295,014	\$ 295,014
Intergovernmental Revenues	2,626,070	2,626,070	1,462,329	(1,163,741)
Charges for Services	0	0	23,704	23,704
Miscellaneous Revenues	37,108	37,108	2,291	(34,817)
Total Revenues	2,663,178	2,663,178	1,783,338	(879,840)
Expenditures				
Current:				
Transportation	3,937,232	3,937,232	2,605,036	1,332,196
Debt Service				
Principal	0	0	0	0
Interest	0	0	0	0
(Total Expenditures)	(3,937,232)	(3,937,232)	(2,605,036)	1,332,196
(Deficiency) of Revenues (Under)				
Expenditures	(1,274,054)	(1,274,054)	(821,698)	452,356
Other Financing Sources (Uses)				
Operating Transfers in	1,334,054	1,334,054	775,139	(558,915)
Operating Transfers out	(60,000)	(60,000)	(60,000)	0
Total Other Financing Sources	1,274,054	1,274,054	715,139	(558,915)
Net Change in Fund Balance	0	0	(106,559)	(106,559)
Fund Balance, Beginning of Year	0	0	1,142,777	1,142,777
Fund Balance, End of Year			\$ 1,036,218	\$ 1,036,218

See accompanying notes to Financial Statements

**STATEMENT OF NET POSITION
PROPRIETARY FUND
SEPTEMBER 30, 2015
LIBERTY COUNTY, FLORIDA**

	Water Fund
Assets	
Current Assets	
Cash and Cash Equivalents	\$ 0
Accounts Receivable (Net of Allowance for Doubtful Accounts)	24,463
Due from Other Funds	(2,398)
Total Current Assets	<u>22,065</u>
Noncurrent Assets	
Restricted Cash and Cash Equivalents	0
Capital Assets:	
Land and Land Improvements	31,520
Depreciable Buildings, Property and Equipment, Net	2,134,171
Total Noncurrent Assets	<u>2,165,691</u>
Total Assets	<u>2,187,756</u>
Liabilities	
Current Liabilities	
Accounts Payable and Accrued Liabilities	4,551
Due to Other Funds	0
Total Current Liabilities	<u>4,551</u>
Payable from Restricted Assets	
Current Portion of Long-term Obligations	13,000
Customer Deposits	54,175
Total Payable from Restricted Assets	<u>67,175</u>
Noncurrent Liabilities	
Noncurrent Portion of Long-term Obligations	550,000
Total Noncurrent Liabilities	<u>550,000</u>
Total Liabilities	<u>621,726</u>
Net Position	
Invested in Capital Assets, Net of Related Debt	1,602,691
Unrestricted	(36,661)
Total Net Position	<u>\$ 1,566,030</u>

See accompanying notes to Financial Statements

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
 PROPRIETARY FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2015
 LIBERTY COUNTY, FLORIDA**

	Water Fund
Operating Revenues	
Charges for Services	\$ 286,144
Operating Expenses	
Personal Services	151,291
Heat, Light and Power	28,648
Depreciation	127,319
Other Operating Expenses	138,374
(Total Operating Expenses)	<u>(445,632)</u>
Operating (Loss)	<u>(159,488)</u>
Nonoperating (Expenses)	
Interest Expense	(27,408)
(Loss) Before Capital Grants and Operating Transfers	<u>(186,896)</u>
Capital Grants and Operating Transfers	
Capital Grants	22,195
Transfers In	30,000
Transfers out	(12,000)
Total Capital Grants and Operating Transfers	<u>40,195</u>
Increase in Net Position	<u>(146,701)</u>
Net Position, Beginning of Year	1,712,731
Net Position, End of Year	<u><u>\$ 1,566,030</u></u>

See accompanying notes to Financial Statements

**STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2015
LIBERTY COUNTY, FLORIDA**

	Water Fund
Cash Flows from Operating Activities	
Cash Received from Customers and Others	\$ 289,827
Cash Paid to Employees	(151,291)
Cash Paid to Suppliers	(156,866)
Net Cash Provided by (Used in) Operating Activities	<u>(14,330)</u>
Cash Flows from Noncapital Financing Activities	
Amounts Received from Other Funds	15,543
Operating Transfers In	30,000
Operating Transfers out	(12,000)
Net Cash Provided by (Used in) Noncapital Financing Activities	<u>33,543</u>
Cash Flows from Capital and Related Financing Activities	
Capital Grants	22 195
Principal Payments on Bonds	(14,000)
Interest Payments on Bonds	(27,408)
Purchase of Fixed Assets	<u>0</u>
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>(19,213)</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>
Included on the Accompanying Balance Sheet Under the Following Captions	
Restricted Assets:	
Cash and Cash Equivalents	<u>0</u>
Total	<u><u>0</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities	
Cash Flows from Operating Activities	
Operating Income (Loss)	(159,488)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:	
Depreciation	127,319
Changes in Assets - Decrease (Increase) and Liabilities - Increase (Decrease):	
Accounts Receivable, Net	3,683
Accounts Payable	(10,992)
Interfund Balances	32,919
Customer Deposits	(7,771)
Net Cash Provided by (Used in) Operating Activities	<u><u>\$ (14,330)</u></u>

See accompanying notes to Financial Statements

STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS
SEPTEMBER 30, 2015
LIBERTY COUNTY, FLORIDA

	Agency Funds
Assets	
Cash	\$ 146,615
Due from Other Funds	0
Due from Other Governments	<u>0</u>
Total Assets	<u><u>146,615</u></u>
Liabilities	
Due to Individuals	52,895
Due to Other Governments	0
Due to Taxing Units	0
Unremitted Collections	<u>93,720</u>
Total Liabilities	<u><u>\$ 146,615</u></u>

See accompanying notes to Financial Statements

**NOTES TO BASIC
FINANCIAL STATEMENTS**

NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2015
LIBERTY COUNTY, FLORIDA

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.

NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2015
LIBERTY COUNTY, FLORIDA
(Continued)

Note 2 - Summary of Significant Accounting Policies (continued)

Government-Wide and Fund Financial Statements (concluded)

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 intrafund 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 four 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.

Fine and Forfeiture Fund- This fund accounts for the ad Valorem taxes assigned to fund the transfers to fund the Sheriff's operating budget.

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.

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.

NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2015
LIBERTY COUNTY, FLORIDA
(Continued)

Note 2 - Summary of Significant Accounting Policies *(continued)*

Measurement Focus, Basis of Accounting, and Financial Statement Presentation *(continued)*

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.

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.

NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2015
LIBERTY COUNTY, FLORIDA
(Continued)

Note 2 - Summary of Significant Accounting Policies (continued)

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.

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."

NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2015
LIBERTY COUNTY, FLORIDA
(Continued)

Note 2 - Summary of Significant Accounting Policies (continued)

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.

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 Related- Pension 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. 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.

NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2015
LIBERTY COUNTY, FLORIDA
(Continued)

Note 2 - Summary of Significant Accounting Policies (continued)

Deferred Inflows/Outflows of Resources (concluded)

Unavailable Revenues- Unavailable revenues are revenues which are measureable, 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.

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, 2015, 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 millages 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.

NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2015
LIBERTY COUNTY, FLORIDA
(Continued)

Note 2 - Summary of Significant Accounting Policies (concluded)

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.

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 \$306,558 in the solid waste 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.

NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2015
LIBERTY COUNTY, FLORIDA
(Continued)

Note 3 - Cash Deposits and Investments

At September 30, 2015, the carrying amount of the County's deposits was \$ 3,195,035. 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, 2015:

Cash and Cash Equivalents

Cash in Checking Accounts	\$ 3,195,035
Total Cash and Cash Equivalents	\$ 3,195,035

Investments

At September 30, 2015, the County had investments in certificates of deposit held at two local banks in Bristol of \$3,430,659. Of this amount, all certificates of deposits have maturity dates of less than one year. In accordance Florida Statutes, Section 218.415(1-16), the County adopted a written investment policy. The County's investment policy does not address its exposure to interest rate changes, or quality credit risk. Investments of the County conform to the provisions of Florida Statutes, Section 218.415.

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, 2015, 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, 2015, the County did not hold any investments that were considered to be a credit risk.

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.

NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2015
LIBERTY COUNTY, FLORIDA
(Continued)

Note 3 - Cash Deposits and Investments (concluded)

Concentration of Credit Risk

At September 30, 2015, the County did not hold any investments that were considered to be a concentration of credit risk.

Note 4- Receivables

Receivables at September 30, 2015, consist of the following:

	Ambulance Fund	Solid Waste Fund	Water Fund	Total
Receivables				
Gross Receivables	\$ 134,635	\$ 455,254	\$ 24,463	\$ 614,352
(Allowance for Uncollectibles)	(38,613)	(424,401)	(2,399)	(465,413)
Total	<u>\$ 96,022</u>	<u>\$ 30,853</u>	<u>\$ 22,064</u>	<u>\$ 148,939</u>

Note 5 – Interfund Receivables, Payables and Transfers

Interfund balances at September 30, 2015, consisted of the following:

	Due From	Due To
General Fund	\$ 323,731	\$ 744,138
Fine and Forfeiture Fund	0	0
Transportation Fund	0	136,093
Capital Project Fund	53,074	0
Other Governmental Funds	691,063	185,239
Total Due From / To Other Funds	<u>1,067,868</u>	<u>1,065,470</u>
General Fund Internal Fund / Water Fund	0	2,398
Total	<u>\$ 1,067,868</u>	<u>\$ 1,067,868</u>

The general fund and the fine and forfeiture fund have 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.

Interfund transfers for the year ended September 30, 2015, consisted of the following:

NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2015
LIBERTY COUNTY, FLORIDA
(Continued)

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

	Interfund	
	Transfers In	Transfers Out
General Fund	\$ 2,818,271	\$ 1,995,007
Fine and Forfeiture Fund	677,821	1,622,230
Transportation Fund	775,139	60,000
Capital Project Fund	0	580,215
Other Governmental Funds	252,485	284,264
Water Fund	30,000	12,000
Total Interfund Transfers	\$ 4,553,716	\$ 4,553,716

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.

Note 6- Capital Assets

Capital asset activity for the year ended September 30, 2015, including the Sheriff, was as follows:

	Beginning Balance 10/01/14	Increases	(Decreases)	Ending Balance 09/30/15
Governmental Activities				
Capital Assets Not Being Depreciated				
Land	\$ 651,192	\$ 0	\$ 0	\$ 651,192
Construction in Progress	4,097,860	1,156,403	0	5,254,263
Total Capital Assets Not Being Depreciated	4,749,052	1,156,403	0	5,905,455
Capital Assets Being Depreciated				
Buildings and Improvements	7,249,658	4,766	0	7,254,424
Machinery and Equipment	6,732,158	391,094	480,880	6,642,372
Infrastructure	16,511,985	175,683	0	16,687,668
Total Capital Assets Being Depreciated	30,493,801	571,543	(480,880)	30,584,464
Less Accumulated Depreciation				
Buildings and Improvements	(2,180,589)	(199,531)	0	(2,380,120)
Machinery and Equipment	(5,235,070)	(401,313)	480,880	(5,573,561)
Infrastructure	(4,172,941)	(622,517)	0	(4,795,458)
Total Accumulated Depreciation	(11,588,600)	(1,223,361)	480,880	(12,331,081)
Total Capital Assets Being Depreciated, Net	18,905,201	(651,818)	0	18,253,383
Governmental Activities Capital Assets, Net	\$ 23,654,253	\$504,585	\$ 0	\$ 24,158,838

NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2015
LIBERTY COUNTY, FLORIDA
(Continued)

Note 6- Capital Assets (concluded)

	Beginning Balance 10/01/14	Increases	(Decreases)	Ending Balance 09/30/15
Business-Type Activities				
Capital Assets Not Being Depreciated				
Land	\$ 31,520	\$ 0	\$ 0	\$ 31,520
Total Capital Assets Not Being Depreciated	31,520	0	0	31,520
Capital Assets Being Depreciated				
Plant, System and Improvements	4,468,973	0	0	4,468,973
Machinery and Equipment	11,786	0	0	11,786
Total Capital Assets Being Depreciated	4,480,759	0	0	4,480,759
Less Accumulated Depreciation				
Plant, System and Improvements	(2,207,483)	(127,319)	0	(2,207,483)
Machinery and Equipment	(11,786)	0	0	(11,786)
Total Accumulated Depreciation	(2,219,269)	(127,319)	0	(2,346,588)
Total Capital Assets Being Depreciated, Net	2,261,490	(127,319)	0	2,134,171
Business-Type Activities Capital Assets, Net	<u>\$ 2,293,010</u>	<u>\$ (127,319)</u>		<u>\$ 2,165,691</u>

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

Governmental Activities	
General Government	\$ 68,303
Public Safety	241,826
Physical Environment	1,098
Transportation	798,018
Human Services	3,879
Culture and Recreation	110,236
Total Depreciation Expense - Governmental Activities	<u>\$ 1,223,361</u>
Business-type Activities	
Water	<u>\$ 127,319</u>

NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2015
LIBERTY COUNTY, FLORIDA
(Continued)

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, 2015:

	Balance 10/01/14	Additions	(Deductions)	Balance 9/30/15	Due Within One Year
Governmental Activities					
Employee Compensated					
Absences Payable	\$ 203,804	\$ 74,572	\$ (15,523)	\$ 262,853	\$ 65,713
Notes Payable	117,723	0	(4000)	113,723	4,000
Estimated Landfill Closure and Postclosure Costs	1,245,684		(775,118)	470,566	226,801
Other postemployment benefits	1,960,000	276,000	0	2,236,000	0
Net Pension Liability	2,277,602	1,438,604	0	3,716,206	0
Total Governmental Activities					
		\$			
Long-Term Liabilities	\$ 5,804,813	1,789,176	\$ (794,640)	\$6,799,348	\$ 312,575
Business-Type Activities					
Bonds Payable	\$ 577,000	\$ 0	\$ (14,000)	\$ 563,000	\$ 15,000

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.

A summary of long-term debt outstanding at September 30, 2015, is as follows:

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.

Note Payable, USDA \$ 113,723

NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2015
LIBERTY COUNTY, FLORIDA
(Continued)

Note 7 - Long-Term Debt (concluded)

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 \$ 563,000

During the 2013-2014 fiscal year, interest expense for business-type activity debt totaled \$27,408, 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>	<u>Interest</u>
2016	4,000	5,085
2017	4,000	4,905
2018	4,000	4,725
2019	5,000	4,545
2020	5,000	4,320
2021-2025	27,000	18,180
2026-2030	33,000	11,565
2031-2034	31,723	3,420
Total	<u><u>\$ 113,723</u></u>	<u><u>\$ 56,745</u></u>

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2016	15,000	26,648
2017	15,000	25,935
2018	15,000	25,223
2019	16,000	24,463
2020	17,000	23,703
2021-2025	96,000	101,365
2026-2030	124,000	74,670
2031-2035	159,000	39,900
2036-2038	105,000	4,940
Total	<u><u>\$ 563,000</u></u>	<u><u>\$ 346,845</u></u>

NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2015
LIBERTY COUNTY, FLORIDA
(Continued)

Note 8 - Other Disclosures

The following funds had deficit fund equity balances at September 30, 2015, in the amounts shown below:

Other Governmental Funds

Solid Waste	\$ 197,170
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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).

The County's pension expense totaled \$577,325 for the fiscal year ended September 30, 2015, (all plans).

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.

NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2015
LIBERTY COUNTY, FLORIDA
(Continued)

Note 9 – Employee Retirement Plan (continued)

FRS Pension Plan (continued)

Plan Description (concluded)

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.

NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2015
LIBERTY COUNTY, FLORIDA
(Continued)

Note 9 – Employee Retirement Plan (continued)

FRS Pension Plan (continued)

Benefits Provided (concluded)

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.

NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2015
LIBERTY COUNTY, FLORIDA
(Continued)

Note 9 – Employee Retirement Plan (continued)

FRS Pension Plan (continued)

Contributions

The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates during the County's 2014-2015 fiscal year were as follows:

Class	Year Ended June 30, 2015		Year Ended June 30, 2016	
	Percent of Gross Salary		Percent of Gross Salary	
	Employee	Employer	Employee	Employer
FRS, Regular	3.00	6.07	3.00	5.56
FRS, Elected County Officials	3.00	41.94	3.00	40.57
FRS, Senior Management Service	3.00	19.84	3.00	19.73
FRS, Special Risk Regular	3.00	18.52	3.00	20.34
DROP-Applicable to Members				
from All of the Above Classes	0.00	11.02	0.00	11.22
FRS, Reemployment Retiree	(1)	(1)	(1)	(1)

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

The County's contributions (employer) to the FRS Plan totaled \$ 505,107 for the fiscal year ended September 30, 2015. This excludes the HIS defined benefit pension plan contributions.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At September 30, 2015, the County reported a liability of \$2,686,920 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. The County's proportionate share of the net pension liability was based on the County's 2014-15 fiscal year contributions of all participating members. At June 30, 2015, the County's proportion was .020802488%, which was an increase of .000343202% from its proportion measured as of June 30, 2014.

For the year ended September 30, 2015, the County recognized pension expense of \$ 307,031 related to the Plan. At September 30, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Employer Contributions after Measurement Date	\$ 123,613	\$ 0
Difference Between Expected and Actual Experience	283,659	63,726
Changes of Assumptions	178,340	
Changes in Proportion and Difference Between County Contributions and Proportionate Share of Contributions	807,712	305,008
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		641,592
Total	<u>\$ 1,393,324</u>	<u>\$ 1,010,326</u>

NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2015
LIBERTY COUNTY, FLORIDA
(Continued)

Note 9 – Employee Retirement Plan (continued)

FRS Pension Plan (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (concluded)

The deferred outflows of resources related to pensions, totaling \$ 123,613, resulting from County contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending	Amount
2016	\$ (97,624)
2017	(97,624)
2018	(97,624)
2019	431,709
2020	176,449
Thereafter	16,056
Total	\$ 331,342

Actuarial Assumptions

The total pension liability in the July 1, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60%
Salary Increases	3.25% Average, Including Inflation
Investment Rate of Return	7.65% Net of Pension Plan Investment Expense, Including Inflation

Mortality rates were based on the Generational RP-2000 with Projection Scale BB, with adjustments for mortality improvements based on Scale AA.

The actuarial assumptions used in the July 1, 2015, valuation were based on the results of an actuarial experience study for the period July 1, 2008, through June 30, 2013.

NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2015
LIBERTY COUNTY, FLORIDA
(Continued)

Note 9 – Employee Retirement Plan *(continued)*

FRS Pension Plan *(continued)*

Actuarial Assumptions *(concluded)*

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%	3.2%	3.1%	1.7%
Fixed Income	18%	4.8%	4.7%	4.7%
Global Equity	53%	8.5%	7.2%	17.7%
Real Estate (Property)	10%	6.8%	6.2%	12.0%
Private Equity	6%	11.9%	8.2%	30.0%
Strategic Investments	12%	6.7%	6.1%	11.4%
Total	100%			
		2.6%		1.9%

Assumed Inflation-Mean

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

Discount Rate

The discount rate used to measure the total pension liability was 7.65%. 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 7.65% in the July 1, 2014 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 7.65%, 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 (6.65%) or 1-percentage-point higher (8.65%) than the current rate:

	1% Decrease (6.65%)	Current Discount Rate (7.65%)	1% Increase (8.65%)
County's Proportionate Share of the Net Pension Liability	\$ 6,962,418	\$ 2,686,920	\$ (870,996)

NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2015
LIBERTY COUNTY, FLORIDA
(Continued)

Note 9 – Employee Retirement Plan (continued)

FRS Pension Plan (concluded)

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, 2015, 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.

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, 2016 and 2015, the contribution rates were 1.66% and 1.26% of payroll respectively, 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 \$ 41,021 for the fiscal year ended September 30, 2015.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At September 30, 2015, the County's reported a net pension liability of \$1,017,850 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. The County's proportionate share of the net pension liability was based on the County's 2014-15 fiscal year contributions relative to the total 2014-15 fiscal year contributions of all participating members. At June 30, 2015, the County's proportionate share was .009971463%, which was a decrease of .001036644% from its proportionate share measured as of June 30, 2014.

NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2015
LIBERTY COUNTY, FLORIDA
(Continued)

Note 9 – Employee Retirement Plan (continued)

HIS Pension Plan (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (concluded)

For the fiscal year ended September 30, 2015, the County recognized pension expense of \$63,751 related to the HIS Plan. In addition, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Employer Contributions after Measurement Date	\$ 12,186	\$ 0
Changes of Assumptions	80,006	0
Changes in Proportion and Difference Between County Contributions and Proportionate Share of Contributions	17,965	93,635
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	550	0
Total	<u>\$ 110,707</u>	<u>\$ 93,635</u>

The deferred outflows of resources related to pensions, totaling \$12,186, resulting from County contributions to the HIS Plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending	Amount
2016	\$ 1,856
2017	1,856
2018	1,856
2019	1,744
2020	1,690
Thereafter	(4,108)
Total	<u>\$ 4,894</u>

Actuarial Assumptions

The total pension liability for the HIS Pension Plan was determined by an actuarial valuation as of July 1, 2014, and recalculated as of June 30, 2015, 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 Increases	3.25% Average, Including Inflation
Investment Rate of Return	3.80% New Pension Plan Investment Expense, Including Inflation

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, 2015, were based on certain results of an actuarial experience study of the FRS for the period July 1, 2008, through June 30, 2013.

NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2015
LIBERTY COUNTY, FLORIDA
(Continued)

Note 9 – Employee Retirement Plan (continued)

HIS Pension Plan (concluded)

Discount Rate

The discount rate used to measure the total pension liability was 3.80%. 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 3.80%, 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 (2.80%) or 1-percentage-point higher (4.80%) than the current rate:

	1% Decrease (2.80%)	Current Discount Rate (3.80%)	1% Increase (4.80%)
County's Proportionate Share of the Net Pension Liability	\$ 1,158,747	\$ 1,016,932	\$ 898,680

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.

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. Allocations to the investment member's accounts during the 2014-15 fiscal year were as follows:

NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2015
LIBERTY COUNTY, FLORIDA
(Continued)

Note 9 – Employee Retirement Plan (concluded)

FRS-Defined Contribution Pension Plan (concluded)

<u>Class</u>	<u>Percent of Gross Compensation</u>
FRS, Regular	6.30
FRS, Elected County Officials	11.34
FRS, Senior Management Service	7.67
FRS, Special Risk Regular	14.00

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, 2015, 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.

The County's Investment Plan pension expense totaled \$ 8,198 for the fiscal year ended September 30, 2015.

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. Retirees and their eligible dependents shall be offered the same health and hospitalization insurance coverage as is offered to active employees at a premium cost of no more than the premium cost applicable to active employees, but limited to \$300 per month for single coverage or \$600 per month for all other coverage. As of the valuation date, the County's monthly health insurance subsidy was equal to \$300 for single coverage prior to age 65, \$158.07 for single coverage after age 65, \$300 for spousal coverage prior to age 65, and \$158 for spousal coverage after 65.

NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2015
LIBERTY COUNTY, FLORIDA
(Continued)

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

The County also subsidizes the premium rates paid by the retirees by allowing them to participate in the plan at blended group (implicitly subsidized) premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the plan on average than those of active employees. The County had 74 total active and 15 retired employees eligible to receive these benefits. 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.

Eligibility

A participant is eligible to receive benefits from the plan upon retirement under the Florida Retirement System plan provisions. To be eligible for retiree benefits, the participant must be covered under the plan as an active employee immediately prior to retirement. Participants who are not eligible for retirement at the time of their termination are not eligible for immediate or future benefits from the plan. The Board has not established a definitive set of rules regarding eligibility or current funding requirements, by resolution or by any other official board action. The Board's only official action was related to the compliance aspects of the provisions of Section 112.0801, Florida Statutes. In an open session, the County approves the plan rates for the enrollment period, and may amend the Plan with changes to the benefits, premiums and/or levels of participant contribution at any time.

Funding Policy

The County has not established a qualifying Trust for its OPEB Liability. The County budgeted the annual contributions actually paid out.

Implied Subsidy

The implied subsidy for a 62-year old retiree for the period June 1, 2014 through May 31, 2015 is assumed to be \$3,000 per year. At other ages, the implied subsidy is calculated based on the age related morbidity rate, which assumes healthcare costs increase with age at a rate of 3.00% per annum. Upon the attainment of Medicare eligibility, the implied subsidy is assumed to disappear.

Retiree Contributions

Retirees electing post-employment healthcare coverage have been assumed to make monthly contributions equal to the premium charged to the active employees less the explicit subsidy that is provided by the County. As of the valuation date, the monthly explicit subsidy was assumed to be equal to \$300 for single coverage under the age of 65, \$158 for single coverage over age 65, \$300 for spousal coverage under the age 65, and \$158 for spousal coverage over age 65.

The County has not advance-funded or established a funding methodology for the annual Other Postemployment Benefit (OPEB) costs or the net OPEB obligation. Rather, the funding is based on a pay-as-you-go basis. A Schedule of Employer Contributions can be found in required supplementary information immediately following the notes.

NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2015
LIBERTY COUNTY, FLORIDA
(Continued)

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

Annual OPEB Cost and Net OPEB Obligation

The County's annual cost (expense) for the Other Post-Employment Benefits (OPEB) is calculated based on the Annual Required Contribution (ARC), an amount actuarially determined in accordance with the Governmental Accounting Standards Board (GASB) Statement 45. *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*. The ARC represents the level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liability over a period not to exceed 30 years. The following table shows the County's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the County's net OPEB obligation.

Description	
Normal cost (service cost for one year)	\$ 238,000
Amortization of unfunded actuarial accrued liability	53,000
Amortization of Net OPEB Obligation	170,000
Annual required contribution	461,000
Interest on net OPEB obligation	78,000
Adjustment to annual required contribution	(170,000)
Annual OPEB cost (expense)	369,000
Contribution toward the OPEB cost	(91,000)
Interest On Employer Contributions	(2,000)
Increase in net OPEB obligation	276,000
Net OPEB obligation, beginning of year	1,960,000
Net OPEB obligation, end of year	\$ 2,236,000

Funding Status and Funding Progress

The funding status and funding progress information can be found in the Schedule of Funding Progress which is presented as required supplementary information immediately following the notes. This schedule presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability of benefits.

Actuarial Methods and Assumptions

The County had an actuarial valuation completed for the fiscal year ended September 30, 2015. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment and termination, mortality, and the healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. Projections of benefits for financial reporting purposes are based on the substantive plan provisions, as understood by the employer and participating members, in effect at the valuation date and include the type of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and participating members. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarially determined accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The initial OPEB actuarial valuation method used for the County was the unit credit actuarial cost method. This method is used to estimate the actuarial liabilities and costs. This method was selected because it produced the best estimate of the OPEB liability and annual cost for the County employees.

NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2015
LIBERTY COUNTY, FLORIDA
(Continued)

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 Postclosure 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 postclosure 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, 2015. 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, 2015, 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 September 30, 2015. The new estimate significantly reduced the estimate of the annual monitoring expenses. This resulted in a reduction of the liability of over \$775,000. The accrued cost for closure and postclosure care as of September 30, 2015, is \$470,566.

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 18, 2014. 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 postclosure costs of the landfill. The County is required to have the estimated cost of closure (\$218,637) and one year monitoring of \$8,164 and \$7,000 for the transfer station, for a total requirement of \$233,801. The County has complied with these requirements by depositing \$306,558 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.

NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2015
LIBERTY COUNTY, FLORIDA
(Concluded)

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, 2015, 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, 2015:

Nonspendable Fund Balance:

Prepaid Expenses	\$ 11,402
Total Nonspendable Fund Balance	<u>11,402</u>

Restricted Fund Balance:

Transportation	1,526,217
Public Safety	146,010
Inmate Welfare	38,281
Public Records Modernization	15,803
Total Restricted Fund Balance	<u>1,724,311</u>

Assigned Fund Balance:

Capital Projects	2,021,639
Landfill	51,610
Total Assigned Fund Balance	<u>2,073,249</u>

Unassigned

General Fund	2,559,266
Special Revenue Fund	278,016
Total Unassigned Fund Balance	<u>2,837,282</u>
Total Fund Balance	<u>\$ 6,646,244</u>

REQUIRED SUPPLEMENTAL INFORMATION

FLORIDA RETIREMENT SYSTEM PENSION PLAN
SCHEDULE OF THE COUNTY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
SEPTEMBER 30, 2015
LIBERTY COUNTY, FLORIDA

	<u>September 30, 2015</u>
County's Proportion of the Net Pension Liability	0.020802488%
County's Proportionate Share of the Net Pension Liability	\$ 2,686,920
County's Covered-Employee Payroll (FYE 9/30)	3,158,276
County's Proportionate Share of the Net Pension Liability As a Percentage of its Covered-Employee Payroll	85.07%
FRS Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	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.

**FLORIDA RETIREMENT SYSTEM PENSION PLAN
SCHEDULE OF THE COUNTY'S CONTRIBUTIONS
FOR THE YEAR ENDED SEPTEMBER 30, 2015
LIBERTY COUNTY, FLORIDA**

	<u>September 30, 2015</u>
Contractually Required Contributions	\$ 505,107
Contributions in Relation to the Contractually Required Contribution	(505,107)
	<hr/>
Contribution Deficiency (Excess)	<u><u>\$ 0</u></u>
County's Covered-Employee Payroll	\$ 3,158,276
 Contributions as a Percentage of Covered-Employee Payroll	
	15.99%

Notes to Schedule:

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

**HEALTH INSURANCE SUBSIDY PENSION PLAN
SCHEDULE OF THE COUNTY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
AS OF SEPTEMBER 30, 2015
LIBERTY COUNTY, FLORIDA**

	<u>September 30, 2015</u>
County's Proportion of the Net Pension Liability	0.00971463%
County's Proportionate Share of the Net Pension Liability	\$ 1,017,850
County's Covered-Employee Payroll (FYE 9/30)	3,158,276
County's Proportionate Share of the Net Pension Liability As a Percentage of its Covered-Employee Payroll	32.23%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	.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.

**HEALTH INSURANCE SUBSIDY PENSION PLAN
SCHEDULE OF THE COUNTY'S CONTRIBUTIONS
FOR THE YEAR ENDED SEPTEMBER 30, 2015
LIBERTY COUNTY, FLORIDA**

	<u>September 30, 2015</u>
Contractually Required Contributions	\$41,021
Contributions in Relation to the Contractually Required Contribution	(41,021)
Contribution Deficiency (Excess)	\$0
County's Covered-Employee Payroll	\$3,158,276
Contributions as a Percentage of Covered-Employee Payroll	1.30%

Notes to Schedule:

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

**OTHER POSTEMPLOYMENT BENEFITS PLAN
SCHEDULE OF EMPLOYER CONTRIBUTIONS /
SCHEDULE OF FUNDING PROGRESS
FOR THE YEAR ENDED SEPTEMBER 30, 2015
LIBERTY COUNTY, FLORIDA**

Schedule of Employer Contributions

Year Ended September 30,	ARC	% Contributed	Annual OPEB Cost	% Contributed
2015	\$ 461,000	20.0%	369,000	25.0%
2014	439,000	19.0%	361,000	23.0%
2013	436,000	21.0%	371,000	24.0%
2012	416,000	22.0%	363,000	25.0%

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial (UAAL)	Funded Ratio	Covered Payroll	UAAL As a Percentage of Covered Payroll
06/01/2011	\$ 0	\$ 3,484,000	\$ 3,484,000	0.0%	N/A	N/A
01/01/2014	0	2,683,000	2,683,000	0.0%	N/A	N/A
06/01/2014	0	2,399,000	2,399,000	0.0%	N/A	N/A

Actuarial Methods and Assumptions

<i>Valuation date</i>	June 1, 2014
<i>Actuarial cost method</i>	Projected unit credit
<i>Amortization method</i>	15-year open period; level dollar payment
<i>Investment Return</i>	4% per annum (includes inflation at 2.75% per annum)
<i>Healthcare cost trend rate(s)</i>	
<i>Select rates</i>	8.00% for 2014/15 graded to 5.00% for 2019/20
<i>Ultimate rate</i>	5.00% per annum

ACCOMPANYING INFORMATION

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2015
LIBERTY COUNTY, FLORIDA**

	Special Revenue				
	Ambulance	SHIP Fund	Landfill	Voted Gas Tax	Liberty Transit
Assets					
Cash	\$ 0	\$ 384,154	\$ 254,948	\$ 0	\$ 0
Cash with Paying Agent	0	0	0	0	0
Investments	0	0	51,610	0	0
Receivables (Net)	96,022	0	6,332	0	29,942
Prepaid Items	0	0	0	0	0
Due from Other Funds	228,673	0	0	290,993	87,009
Due from Other Governments	0	0	14,165	55,320	53,584
Due from Individuals	0	0	0	0	0
Total Assets	324,695	384,154	327,055	346,313	170,535
Liabilities and Fund Balances					
Liabilities					
Accounts Payable and Accrued					
Expenses	4,212	0	7,352	0	94
Due to Individuals	0	0	0	0	0
Due to Other Funds	0	0	27,453	0	0
Due to Other Governments	0	0	0	0	0
Deferred Revenues	116,496	384,154	0	0	0
Total Liabilities	120,708	384,154	34,805	0	94
Deferred Inflows of Resources	70,328	0	0	26,755	0
Unavailable Revenues					
Fund Balances					
Restricted	0	0	0	319,558	170,441
Committed	0	0	0	0	0
Assigned	0	0	51,610	0	0
Unassigned	133,659	0	240,640	0	0
Total Fund Balances	133,659	0	292,250	319,558	170,441
Total Liabilities and Fund Balances	\$ 324,695	\$ 384,154	\$ 327,055	\$ 346,313	\$170,535

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2015
LIBERTY COUNTY, FLORIDA**

	Special Revenue				
	Weatherization Program	Public Safety 911	Community Center	Solid Waste	Sheriff Special revenue
Assets					
Cash	\$ 1,075	\$ 0	\$ 0	\$ 0	\$ 36,281
Cash with Paying Agent	0	0	0	0	0
Investments	0	0	0	0	0
Receivables (Net)	0	0	0	30,853	0
Prepaid Items	0	0	0	0	0
Due from Other Funds	0	68,821	0	0	0
Due from Other Governments	1,895	60,401	0	0	0
Due from Individuals	0	0	0	0	0
Total Assets	2,970	129,222	0	30,853	36,281
Liabilities and Fund Balances					
Liabilities					
Accounts Payable and Accrued					
Expenses	1,931	100	0	60,718	0
Due to Individuals	0	0	0	9,519	0
Due to Other Funds	0	0	0	157,786	0
Due to Other Governments	0	0	0	0	0
Deferred Revenues	0	0	0	0	0
Total Liabilities	1,931	100	0	228,023	0
Deferred Inflows of Resources					
Unavailable Revenues	0	0	0	0	0
Fund Balances					
Restricted	0	129,122	0	0	36,281
Committed	0	0	0	0	0
Assigned	0	0	0	0	0
Unassigned	1,039	0	0	(197,170)	0
Total Fund Balances	1,039	129,122	0	(197,170)	36,281
Total Liabilities and Fund Balances	\$ 2,970	\$ 129,122	\$ 0	\$ 30,853	\$ 36,281

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2015
LIBERTY COUNTY, FLORIDA**

	Special Revenue				
	Court Related	Child Support	Modernization	Police Training	Law Enforcement Trust
Assets					
Cash	\$ 8,044	\$ 92,271	\$ 15,803	\$ 0	\$ 0
Cash with Paying Agent	0	0	0	0	0
Investments	0	0	0	0	0
Receivables (net)	0	0	0	0	1,020
Prepaid Items	0	0	0	0	0
Due from Other Funds	0	0	0	9,016	6,551
Due from Other Governments	7,127	7,077	0	301	0
Due from Individuals	0	0	0	0	0
Total Assets	<u>15,171</u>	<u>99,848</u>	<u>15,803</u>	<u>9,317</u>	<u>7,571</u>
Liabilities and Fund balances					
Liabilities					
Accounts Payable and Accrued Expenses	0	0	0	0	0
Due to Individuals	0	0	0	0	0
Due to Other Funds	0	0	0	0	0
Due to Other Governments	1,375	0	0	0	0
Deferred Revenues	13,796	0	0	0	0
Total Liabilities	<u>15,171</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Deferred Inflows of Resources					
Unavailable Revenues	0	0	0	0	0
Fund Balances					
Restricted	0	0	15,803	9,317	7,571
Committed	0	0	0	0	0
Assigned	0	0	0	0	0
Unassigned	0	99,848	0	0	0
Total Fund Balances	<u>0</u>	<u>99,848</u>	<u>15,803</u>	<u>9,317</u>	<u>7,571</u>
Total Liabilities and Fund Balance	<u>\$ 15,171</u>	<u>\$ 99,848</u>	<u>\$ 15,803</u>	<u>\$ 9,317</u>	<u>\$ 7,571</u>

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2015
LIBERTY COUNTY, FLORIDA**

	Capital Projects Fund	Total Nonmajor Governmental Funds
	County Transportation II	
Assets		
Cash	\$ 0	\$ 793,076
Cash with Paying Agent	0	0
Investments	783,526	835,136
Receivables (Net of Allowance for uncollectible)	0	164,169
Prepaid Items	0	0
Due from Other Funds	0	691,063
Due from Other Governments	0	199,870
Due from Individuals	0	0
Total Assets	783,526	2,683,314
Liabilities and Fund Balances		
Liabilities		
Accounts Payable and Accrued Expenses	0	74,407
Due to Individuals	0	9,519
Due to Other Funds	0	185,239
Due to Other Governments	0	1,375
Deferred Revenues	0	514,446
Total Liabilities	0	784,986
Deferred Inflows of Resources		
Unavailable Revenues	0	97,083
Fund Balances		
Restricted	0	688,093
Committed	0	0
Assigned	783,526	835,136
Unassigned	0	278,016
Total Fund Balances	783,526	1,801,245
Total Liabilities and Fund Balances	\$ 783,526	\$ 2,683,314

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015
LIBERTY COUNTY, FLORIDA**

Special Revenue

	Ambulance	SHIP Fund	Landfill	Voted Gas Tax	Liberty Transit
Revenues					
Taxes	\$ 0	\$ 0	\$ 0	\$ 308,017	\$ 0
Intergovernmental	12,668	218,256	89,456	0	391,760
Charges for Services	231,726	0	5,860	0	189,356
Fines and Forfeitures	0	0	0	0	0
Miscellaneous	2,000	264	13,231	0	0
Total Revenues	<u>246,394</u>	<u>218,520</u>	<u>108,547</u>	<u>308,017</u>	<u>581,116</u>
Expenditures					
Current:					
General Government	0	0	0	0	0
Public Safety	466,120	0	0	0	0
Physical Environment	0	0	137,850	0	0
Transportation	0	0	0	0	513,310
Economic Environment	0	218,520	0	0	0
Culture and Recreation	0	0	0	0	0
Court-related	0	0	0	0	0
Debt Service:					
Principal Payments	0	0	0	0	0
Interest	0	0	0	0	0
(Total Expenditures)	<u>(466,120)</u>	<u>(218,520)</u>	<u>(137,850)</u>	<u>0</u>	<u>(513,310)</u>
(Deficiency) Excess of Revenues (Under) Over Expenditures	<u>(219,726)</u>	<u>0</u>	<u>(29,303)</u>	<u>308,017</u>	<u>67,806</u>
Other Financing Sources (Uses)					
Operating Transfers in	170,000	0	0	0	72,485
Operating Transfers out	0	0	0	(267,409)	0
Total Other Financing Sources (Uses)	<u>170,000</u>	<u>0</u>	<u>0</u>	<u>(267,409)</u>	<u>72,485</u>
Net Change in Fund Balances	<u>(49,726)</u>	<u>0</u>	<u>(29,303)</u>	<u>40,608</u>	<u>140,291</u>
Fund Balances, Beginning of Year	<u>183,385</u>	<u>0</u>	<u>321,553</u>	<u>278,950</u>	<u>30,150</u>
Fund Balances, End of Year	<u>\$ 133,659</u>	<u>\$ 0</u>	<u>\$ 292,250</u>	<u>\$ 319,558</u>	<u>\$ 170,441</u>

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMEBER 30, 2015
LIBERTY COUNTY, FLORIDA**

Special Revenue Funds

	Weatherization Program	Public Safety 911	Community Center	Solid Waste	Sheriff Special Revenue
Revenues					
Taxes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Intergovernmental	59,892	164,890	0	0	0
Charges for Services	0	0	0	403,043	0
Fines and Forfeitures	0	0	0	0	0
Miscellaneous	0	0	0	0	61,343
Total Revenues	<u>59,892</u>	<u>164,890</u>	<u>0</u>	<u>403,043</u>	<u>61,343</u>
Expenditures					
Current:					
General Government	0	0	0	0	0
Public Safety	0	161,591	0	0	63,706
Physical Environment	0	0	0	412,422	0
Transportation	0	0	0	0	0
Economic Environment	59,892	0	0	0	0
Culture and Recreation	0	0	0	0	0
Court-related	0	0	0	0	0
Debt Service:					
Principal Payments	0	0	0	0	0
Interest	0	0	0	0	0
(Total Expenditures)	<u>(59,892)</u>	<u>(161,591)</u>	<u>0</u>	<u>(412,422)</u>	<u>(63,706)</u>
(Deficiency) Excess of Revenues (Under) Over Expenditures	<u>0</u>	<u>3,299</u>	<u>0</u>	<u>(9,379)</u>	<u>(2,363)</u>
Other Financing Sources (Uses)					
Operating Transfers in	1,039	10,000	0	0	0
Operating Transfers out	0	0	0	(16,855)	0
Total Other Financing Sources (Uses)	<u>1,039</u>	<u>10,000</u>	<u>0</u>	<u>(16,855)</u>	<u>0</u>
Net Change in Fund Balances	<u>0</u>	<u>13,299</u>	<u>0</u>	<u>(26,234)</u>	<u>(2,363)</u>
Fund Balances, Beginning of Year	<u>0</u>	<u>115,823</u>	<u>0</u>	<u>(170,936)</u>	<u>38,644</u>
Fund Balances, End of Year	<u>\$ 1,039</u>	<u>\$ 129,122</u>	<u>\$ 0</u>	<u>(197,170)</u>	<u>\$ 36,281</u>

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015
LIBERTY COUNTY, FLORIDA**

	Special Revenue				
	Clerk of the Circuit Court Court Related	Clerk of the Circuit Court Child Support	Clerk of the Circuit Court Modernization	Police Training	Law Enforcement Trust
Revenues					
Taxes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Intergovernmental	231,609	42,761	0	0	0
Charges for Services	96,551	0	14,314	0	0
Fines and Forfeitures	0	0	0	1,426	125
Miscellaneous	55	0	0	0	0
Total Revenues	<u>328,215</u>	<u>42,761</u>	<u>14,314</u>	<u>1,426</u>	<u>125</u>
Expenditures					
Current:					
General Government	0	10,838	25,438	0	0
Public Safety	0	0	0	350	0
Physical Environment	0	0	0	0	0
Transportation	0	0	0	0	0
Economic Environment	0	0	0	0	0
Culture and Recreation	0	0	0	0	0
Court-related	328,215	0	0	0	0
Debt Service:					
Principal Payments	0	0	0	0	0
Interest	0	0	0	0	0
(Total Expenditures)	<u>(328,215)</u>	<u>(10,838)</u>	<u>(25,438)</u>	<u>(350)</u>	<u>0</u>
(Deficiency) Excess of Revenues (Under) Over Expenditures	<u>0</u>	<u>31,923</u>	<u>(11,124)</u>	<u>1,076</u>	<u>125</u>
Other Financing Sources (Uses)					
Operating Transfers in	0	0	0	0	0
Operating Transfers out	0	0	0	0	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	<u>0</u>	<u>31,923</u>	<u>(11,124)</u>	<u>1,076</u>	<u>125</u>
Fund Balances, Beginning of Year	<u>0</u>	<u>67,925</u>	<u>26,927</u>	<u>8,241</u>	<u>7,446</u>
Fund Balances, End of Year	<u>\$ 0</u>	<u>\$ 99,848</u>	<u>\$ 15,803</u>	<u>\$ 9,317</u>	<u>\$ 7,571</u>

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015
LIBERTY COUNTY, FLORIDA**

	Capital Projects Fund	Total Nonmajor Governmental Funds
	County Transportation II	
Revenues		
Taxes	\$ 0	\$ 308,017
Intergovernmental	0	1,211,292
Charges for Services	0	940,850
Fines and Forfeitures	0	1,551
Miscellaneous	1,991	78,884
Total Revenues	<u>1,991</u>	<u>2,540,594</u>
Expenditures		
Current:		
General Government	0	36,276
Public Safety	0	691,767
Physical Environment	0	550,272
Transportation	0	513,310
Economic Environment	0	278,412
Culture and Recreation	0	0
Court-related	0	328,215
Debt Service:		
Principal Payments	0	0
Interest	0	0
Total Expenditures	<u>0</u>	<u>(2,398,252)</u>
(Deficiency) Excess of Revenues (Under) Over Expenditures	<u>1,991</u>	<u>142,342</u>
Other Financing Sources (Uses)		
Operating Transfers in	0	253,524
Operating Transfers out	0	(284,264)
Total Other Financing Sources (Uses)	<u>0</u>	<u>(30,740)</u>
Net Change in Fund Balances	<u>1,991</u>	<u>111,602</u>
Fund Balances, Beginning of Year	<u>781,535</u>	<u>1,689,643</u>
Fund Balances, End of Year	<u>\$ 783,526</u>	<u>\$ 1,801,245</u>

COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
ALL AGENCY FUNDS
SEPTEMBER 30, 2015
LIBERTY COUNTY, FLORIDA

	Clerk			
	General Agency	Domestic Relations	Registry of Court	Cash Bond
Assets				
Cash	\$ 24,637	\$ 95	\$ 13,896	\$ 12,895
Due from Other Funds	0	0	0	0
Due from Other Governments	0	0	0	0
Total Assets	<u>24,637</u>	<u>95</u>	<u>13,896</u>	<u>12,895</u>
Liabilities				
Due to Individuals	24,637	95	13,896	12,895
Due to Other Governments	0	0	0	0
Due to Taxing Units	0	0	0	0
Unremitted Collections	0	0	0	0
Total Liabilities	<u>\$ 24,637</u>	<u>\$ 95</u>	<u>\$ 13,896</u>	<u>\$ 12,895</u>

COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
ALL AGENCY FUNDS
SEPTEMBER 30, 2015
LIBERTY COUNTY, FLORIDA

Individual Depository	Sheriff		Tax Collector	Totals
	Suspense	Inmate Trust	Tax and Tag	
\$ 307	\$ 1,033	\$ 1,372	\$ 92,380	\$ 146,615
0	0	0	0	0
0	0	0	0	0
<u>307</u>	<u>1,033</u>	<u>1,372</u>	<u>92,380</u>	<u>146,615</u>
0	0	1,372	0	52,895
0	0	0	0	0
0	0	0	0	0
<u>307</u>	<u>1,033</u>	<u>0</u>	<u>92,380</u>	<u>93,720</u>
<u>\$ 307</u>	<u>\$ 1,033</u>	<u>\$ 1,372</u>	<u>\$ 92,380</u>	<u>\$ 146,615</u>

**ADDITIONAL ELEMENTS OF REPORT PREPARED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*,
ISSUED BY THE COMPTROLLER GENERAL OF THE UNITED
STATES; THE PROVISIONS OF OFFICE OF MANAGEMENT
AND BUDGET (OMB) CIRCULAR A-133; AND THE FLORIDA
DEPARTMENT OF FINANCIAL SERVICES, *STATE PROJECTS
COMPLIANCE SUPPLEMENT***

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2015
LIBERTY COUNTY BOARD OF COUNTY COMMISSIONERS**

Federal and State Grantor Pass Through Grantor / Program Title	CFDA / CSFA Number	Grant I.D. Number	Program Award Amount	Expenditures
<i>Federal Awards</i>				
U.S. Department of Agriculture				
Pass through Florida Department of Agriculture/Forestry				
Federal Payment in Lieu of Taxes	10.665	N/A	\$ 376,159	\$ 376,159
Total U.S. Department of Agriculture			<u>376,159</u>	<u>376,159</u>
U.S. Department of Interior				
Federal Payment in Lieu of Taxes (Secure Rural Schools)	15.226	N/A	317,219	317,219
Total U.S. Department of Interior			<u>317,219</u>	<u>317,219</u>
U.S. Department of Justice				
Pass through Florida Office of the Attorney General				
Victims of Crime Act	16.575	V033-14096	84,763	49,073
Pass through State of Florida Department of Law Enforcement				
Edward Byrne Memorial JAG Program	16.738	2015-JAGC-LIBE-1-R3-129	25,659	24,651
Total U.S. Department of Justice			<u>110,422</u>	<u>73,724</u>
U.S. Department of Transportation				
Pass through Florida Department of Transportation				
Local Agency Program Agreement Co.RD. 12 Sidewalk	20.205	ARR75	40,680	10,729
Local Agency Program Agreement Chester St. Sidewalk	20.205	ARK38	324,000	324,000
Public Transportation Joint Participation Agreement (Section 5311)	20.509	FL18-X033, ARL49	114,459	114,459
Total U.S. Department of Transportation			<u>479,139</u>	<u>449,188</u>
U.S. Department of Energy				
Pass through Florida Department of Agriculture and Consumer Services	81.041	GO438 #021926	22,430	21,686
Pass through Florida Department of Economic Opportunity				
Weatherization Assistance Program	81.042	14-WX-0G-02-49-01-016	57,289	57,289
Total U.S. Department of Energy			<u>79,719</u>	<u>78,975</u>

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2015
LIBERTY COUNTY BOARD OF COUNTY COMMISSIONERS
(Continued)**

Federal and State Grantor Pass Through Grantor / Program Title	CFDA / CSFA NUMBER	Grant I.D. Number	Program Award Amount	Expenditures
<i>Federal Awards Concluded</i>				
U.S. Department of Health and Human Services				
Pass through Florida Department of Revenue				
Child Support Enforcement Program	93.563	CST39	1,231	1,231
Child Support Enforcement Program (Title IV-D)	93.563	COC39	85,816	85,816
Sub-total CFDA 93.563			87,047	87,047
Pass through Florida Department of State				
Low-Income Home Energy Assistance Program	93.568	15-WX-0G-02-49-01-016	8,536	2,706
Low-Income Home Energy Assistance Program	93.568	14-WX-0G-02-49-01-016	57,289	57,289
Sub-total CFDA 93.568			65,825	59,995
Total U.S. Department of Health and Human Services			152,872	147,042
U.S. Department of Homeland Security				
Pass through Florida Division of Emergency Management				
Emergency Management Performance Grant	97.042	14-FG-5A-02-49-01-1065	40,066	15,763
Emergency Management Performance Grant	97.042	15-FG-4D-02-49-01-106	40,037	19,115
Sub-total CFDA 97.042			80,103	34,878
Pass through Florida Department of Economic Opportunity				
State of Florida Homeland Security Grant Program 11	97.067	15-DS-L5-02-49-01-76	10,900	10,900
Total U.S. Department of Homeland Security			91,003	45,778
Total Federal Awards			\$ 1,606,533	\$ 1,575,132

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2015
LIBERTY COUNTY BOARD OF COUNTY COMMISSIONERS
(Continued)**

Federal and State Grantor Pass Through Grantor / Program Title	CFDA / CSFA NUMBER	Grant I.D. Number	Program Award Amount	Expenditure
<i>State Financial Assistance</i>				
Florida Department of Environmental Protection				
Small County Solid Waste	37.012	422SC	90,909	89,961
Special Recreation Assistance Projects (Hosford/Telogia)	37.071	L1401	400,000	247,000
Hosford Water System	37.039	LP39010	75,000	22,195
Total Florida Department of Environmental Protection			565,909	359,156
Florida Department of Agriculture and Consumer Services				
Mosquito Control Grant	42.003	Contract 21319	31,540	31,540
Total Florida Department of Agriculture and Consumer Services			31,540	31,540
Florida Department of State				
State Aid to Libraries	45.030	15-ST-46	64,669	64,669
Total Florida Department of State			64,669	64,669
Florida Department of Economic Opportunity				
Emergency Management Preparedness and Assistance Base Grant	31.063	164BG-83-02-49-01-038	105,806	11,377
Emergency Management Preparedness and Assistance Base Grant	31.063	15BG-83-02-49-01-039	105,806	93,395
Total Florida Department of Economic Opportunity			211,612	104,772
Florida Housing Finance Corporation				
State Housing Initiatives Partnership Grant	52.901	N/A	350,000	218,520
Total Florida Housing Finance Corporation			350,000	218,520
Florida Department of Transportation				
Shirley Conroy Rural Area Capital Area Equipment	55.001	ARP82	61,878	61,609
Commission for the Transportation Disadvantaged	55.001	G0185	243,426	52,374
Commission for the Transportation Disadvantaged	55.001	ARG-13	243,425	159,630
Sub-total for CFDA 55.001			548,729	273,613
County Incentive Grant Program Freeman Road	55.008	ARJ99	427,865	411,857
Small County Outreach Program (SCOP) Aspalaga Rd	55.009	431075-1-58-01	586,030	70,728
Small County Outreach Program (SCOP) Burnt Bridge	55.009	AR012	985,123	59,000
Small County Outreach Program (SCOP) Old Post Rd	55.009	ARK13	603,072	32,925
Sub-total for CFDA 55.009			2,174,225	162,653
Small County Road Assistance Program (SCRAP)	55.016	AR458	464,386	122,394
Total Florida Department of Transportation			3,615,205	970,517

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2015
LIBERTY COUNTY BOARD OF COUNTY COMMISSIONERS
(Concluded)**

Federal and State Grantor	CFDA / CSFA Number	Grant I.D. Number	Program / Award Amount	Expenditures
Pass Through Grantor / Program Title				
<i>State Financial Assistance Concluded</i>				
E911 Rural County Grant Program	72.001	15-4-16	36,203	36,203
E911 Rural County Grant Program	72.001	14-10-15	23,046	23,046
Total Florida Department of Management Services			<u>59,249</u>	<u>59,249</u>
Total State Financial Assistance			<u>\$ 4,898,184</u>	<u>\$ 1,808,423</u>
Total State and Federal Financial Assistance			<u>\$ 6,504,717</u>	<u>\$ 3,383,555</u>

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2015
LIBERTY COUNTY, FLORIDA**

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, including the reporting requirements of *the Single Audit Act of 1984, the Single Audit Act Amendments of 1996*, U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* (federal awards), 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.

OTHER REPORTS

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND STATE PROJECT; REPORT ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133
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 Project

We have audited Liberty County, Florida (the County) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133, *Compliance Supplement*, and 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 projects for the year ended September 30, 2015. The County's major federal programs and state projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs and state projects is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

Management's Responsibility

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

Auditor's Responsibility

Our Responsibility is to express as opinion on compliance for the County's major federal and state 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; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and Chapter 10.550, *Rules of the Auditor General*. Those standards, rules, and OMB Circular A-133 and Chapter 10.550, *Rules of the 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. Our audit does not provide a legal determination of the County's compliance with those requirements.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND STATE PROJECT; REPORT ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133
AND CHAPTER 10.550, RULES OF THE AUDITOR GENERAL
(Concluded)**

Opinion on the Major Federal Programs and State 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 and state projects for the year ended September 30, 2015.

Report on Internal Control over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs and state projects. 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 a major federal program or state project in order to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 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 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 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 OMB Circular A-133 and Chapter 10.550, Rules of the Auditor General. Accordingly, this communication is not suitable for any other purpose.

Moran & Smith LLP

Moran & Smith LLP
Certified Public Accountants

June 29, 2016
Quincy, 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, 2015, 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, 2015.

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

Moran & Smith LLP
Certified Public Accountants

June 29, 2016
Quincy, 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, 2015, 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, 2015.

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

Moran & Smith LLP
Certified Public Accountants

June 29, 2016
Quincy, Florida

**INDEPENDENT AUDITORS, REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
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, 2015, 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 29, 2016.

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 the internal control over financial reporting 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 significant deficiencies or material weaknesses, and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses 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

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*.

**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 (Concluded)

We also noted certain additional matters that we have reported to management of the County in a separate management letter dated June 29, 2016.

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

Moran & Smith LLP
Certified Public Accountants

June 29, 2016
Quincy, Florida

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL AWARD PROGRAMS AND STATE FINANCIAL ASSISTANCE PROJECTS
FOR THE YEAR ENDED SEPTEMBER 30, 2015
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, 2015.
2. There were no material weaknesses or significant deficiencies 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 and / or material weaknesses in internal control over major federal programs or state projects that are required to be reported in the schedule of findings and questioned costs.
5. The report on compliance for the major federal award programs and state projects for Liberty County, Florida, expresses an unqualified opinion.
6. The audit disclosed no findings required to be reported in accordance with Section 510(a) of OMB Circular A-133 or Chapter 10.550, *Rules of the Auditor General* relative to the major federal award programs and state projects for Liberty County, Florida.
7. The programs/projects tested as major programs/projects included the following:

FEDERAL PROGRAMS	CFDA No.
U.S. Department of Agriculture	
Federal Payments in Lieu of Taxes	10.665
U.S. Department of Interior	
Federal Payment in Lieu of Taxes (Secure Rural Schools)	15.226
U.S Department of Transportation	
Local Agency Program Agreement	20.205
STATE PROGRAMS	CSFA No.
Florida Department of Transportation	
Small County Outreach Program (SCOP)	55.009
County Incentive Grant	55.008

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL AWARD PROGRAMS AND STATE FINANCIAL ASSISTANCE PROJECTS
FOR THE YEAR ENDED SEPTEMBER 30, 2015
LIBERTY COUNTY, FLORIDA
(Concluded)**

PART I - SUMMARY OF AUDIT RESULTS (concluded)

8. The threshold for distinguishing Type A and Type B programs/projects was \$300,000 for major federal award programs and major state financial assistance projects.
9. Liberty County, Florida, did qualify as a low-risk auditee pursuant to OMB Circular A-133.

PART II - FINDINGS - FINANCIAL STATEMENT FINDINGS

There were no findings relative to the financial statements

PART III - FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS

There were no findings relative to the major 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, 2015, and have issued our report thereon dated June 29, 2016.

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; OMB circular A-133, *Audits of States, Local governments, and Non-Profit organizations*; and 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 Program and State 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, Section 601, 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 29, 2016, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., *Rules of the Auditor General*, requires that we determine whether or not corrective actions have been taken to address 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(i)5.c. 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.

Annual Financial Report

Section 10.554(1)(i)5.b. and 10.556(7) *Rules of the Auditor General*, requires that we report the results of our determination as to whether the annual financial report for the County for the fiscal year ended September 30, 2015, filed with Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2015. In connection with our audit, we determined that these two reports were in agreement.

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

Moran & Smith LLP
Certified Public Accountants

June 29, 2016
Quincy, Florida