

**LIBERTY COUNTY, FLORIDA**  
**FINANCIAL STATEMENTS**  
**AND**  
**INDEPENDENT AUDITOR'S REPORT**  
**SEPTEMBER 30, 2017**

**LIBERTY COUNTY BOARD OF COUNTY COMMISSIONERS  
SEPTEMBER 30, 2017**

**Dewayne Branch**  
District 1

**Dexter Barber**  
District 2

**Jim Johnson**  
District 3

**James "Bo" Sanders**  
District 4

**Scott Phillips**  
District 5

**CONSTITUTIONAL OFFICERS**

**Clerk of the Circuit Court**  
Kathleen E. Brown

**Sheriff**  
Eddie Joe White

**Tax Collector**  
Marie Goodman

**Property Appraiser**  
Cindy Walker

**Supervisor of Elections**  
Gina McDowell

**LIBERTY COUNTY, FLORIDA**  
**FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT**  
**SEPTEMBER 30, 2017**  
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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, 2017, 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, 2017, and the respective changes in financial position, and cash flows thereof, and the respective budgetary comparison of the general fund and each major fund, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

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

#### *Other Information*

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

**INDEPENDENT AUDITOR'S REPORT**  
*(Concluded)*

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a report dated June 18, 2018 on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

*Moran & Smith LLP*

Moran & Smith LLP  
June 18, 2018  
Quincy, FL

**LIBERTY COUNTY, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

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 2016-17 fiscal year by \$27,111,338. The total revenue from all sources was \$11,949,975 and total expenditures for all services were \$11,659,317 for an entity-wide increase in net position of \$290,660.

Total *net* position is comprised of the following:

1. Capital assets, net of related debt of \$26,456,826, 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 (\$4,338,178) 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 \$45,769.

The County's total *net* position increased by \$290,660 in fiscal year ended September 30, 2017, with an increase of \$222,713 resulting from governmental activities and an increase of \$67,947 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 \$11,520,257 while the total costs of all County programs were \$11,229,099.

The County's Proprietary Fund had a decrease in net position of \$500 prior to operating transfers in of \$68,447, which resulted in an overall increase of net position of \$67,947.

The County's summary of Long-term Liabilities indicates an overall increase in Long-term debt of \$1,034,738 with an increase of \$1,049,738 for Governmental activities and a reduction of \$15,000 for Business-type activities. The County's total Long-term Debt for Governmental activities was \$10,858,854 and \$533,341 for Business-type activities at year-end.



**LIBERTY COUNTY, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

The County received \$3,309,216 in Federal and State Grant Programs including \$1,847,104 in operating grants and \$1,462,112 capital grants. The County also received an additional \$4,077,554 in Federal and State shared revenues.

**COUNTY HIGHLIGHTS**

- Liberty County undertook a project to be funded by a Florida Small Cities Community Development Block Grant (CDBG). Work will consist of installing approximately 11,700 total linear feet of potable water lines with fire hydrants, as well as installing residential water services plumbing connections from the new water meters to the adjacent homes, with well abandonments. The project will be south of Bristol along County Road 12 from approximately NW Johnson Crossing Road and extending south approximately to the NW Zebbie Odom Road, and on CR 379 from CR 12 northeast approximately 4400 feet. Small side roads leading to residences will also be included. In addition to water lines and connections, the grant will fund project engineering and administration.
- The County has received grant funding from the Department of Environmental Protection and Northwest Florida Water Management District, Hosford Well Project #3, for providing an improved water well and water quality for the citizens in the Hosford/Telogia area. This project is anticipated to close in the County's Fiscal Year 2018-2019.
- The County received a legislative appropriation of \$200,000 to construct a record storage facility located in the Clerk of Courts office of the Liberty County Courthouse for the purpose of securing and maintaining the County's historical records. This project closed in the County's Fiscal Year 2016-2017.
- The County received a grant from the Florida Department of Transportation for the construction of a new vehicle maintenance shop, all site work and utility extensions for the Liberty County Transit Maintenance Shop. This project is anticipated to close in the County's Fiscal Year 2018-2019.
- The County received \$50,000 from Florida Recreation Development Assistance Program (FRDAP) grant for Sumatra Park. The project will extend into the County's Fiscal Year 2018-2019. The FRDAP grant will be for renovations of the existing park, to include renovations on the playground equipment and facilities.
- The County received numerous Federal and State Grants that were used for the purposes of repaving roads and the construction of other capital projects. Improved roads include: Kever Road, 379A, Lake Mystic, and CR120.
- In January 2017, County Voters, by referendum, approved passing a 0.5-cent Emergency Rescue Fire Services and Facilities Surtax. Said revenues were to be used specifically for Emergency Rescue Fire Services and Facilities within Liberty County. An Interlocal agreement was entered between the City of Bristol and Liberty County directing 20 percent of the collected sales tax revenues to the City of Bristol.
- The County collected \$ 2,083,481 in Ad Valorem taxes in 2017. This was a slight decrease over the amount collected in 2016.

**USING THIS ANNUAL REPORT**

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

**LIBERTY COUNTY, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

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

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

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

**Fund Financial Statements**

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

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

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

**LIBERTY COUNTY, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

**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 \$7,899,849 at the close of the most recent fiscal year.

By far, the largest portion of the County's net position reflects its investment in capital assets, less any related debt to acquire those assets that is still outstanding. At year-end, this amount was \$24,951,785. 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 \$27,995 and incurred an additional \$1,077,733 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 represents resources that are subject to external restrictions (i.e., Florida Statutes, grant proceeds, etc.). Total restricted assets at year-end were \$4,946,920. This leaves an unrestricted balance of \$(4,338,178) of the County's net position to meet the government's ongoing obligations to citizens and creditors. There was an overall increase in net position of \$222,713.

The County added \$3,850,669 in capital assets being depreciated. The County also incurred \$ 1,454,746 in depreciation expense on Governmental activities and \$127,319 on the Water System.

**LIBERTY COUNTY, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

Comparative Statement of Net Position

|                            | Governmental Activities |                      | Business-type Activities |                     | Total               |                      |
|----------------------------|-------------------------|----------------------|--------------------------|---------------------|---------------------|----------------------|
|                            | 2017                    | 2016                 | 2017                     | 2016                | 2017                | 2016                 |
| Assets:                    |                         |                      |                          |                     |                     |                      |
| Current and Other Assets   | \$10,960,350            | \$ 9,640,699         | \$ 112,889               | \$ 56,502           | \$11,073,238        | \$ 13,017,879        |
| Capital Assets             | 25,586,322              | 25,061,456           | 2,038,382                | 2,038,382           | 27,624,704          | 27,009,838           |
| Total Assets               | <u>36,546,672</u>       | <u>34,702,155</u>    | <u>2,151,271</u>         | <u>2,094,884</u>    | <u>38,697,942</u>   | <u>40,117,717</u>    |
| Deferred Outflow           | <u>3,617,749</u>        | <u>3,320,678</u>     | <u>0</u>                 | <u>0</u>            | <u>3,617,749</u>    | <u>3,320,678</u>     |
| Liabilities:               |                         |                      |                          |                     |                     |                      |
| Current                    | 3,060,501               | 2,419,995            | 82,120                   | 79,680              | 3,142,620           | 3,033,994            |
| Noncurrent                 | <u>10,729,199</u>       | <u>9,730,705</u>     | <u>518,341</u>           | <u>532,341</u>      | <u>11,247,540</u>   | <u>10,263,046</u>    |
| Total Liabilities          | <u>13,789,700</u>       | <u>12,150,700</u>    | <u>600,460</u>           | <u>612,021</u>      | <u>14,390,160</u>   | <u>13,297,040</u>    |
| Deferred Inflow            | <u>814,193</u>          | <u>534,319</u>       | <u>0</u>                 | <u>0</u>            | <u>814,193</u>      | <u>534,319</u>       |
| Net Position:              |                         |                      |                          |                     |                     |                      |
| Invested in Capital Assets | 24,951,785              | 24,951,785           | 1,505,041                | 1,490,941           | 26,456,826          | 26,441,826           |
| Restricted                 | 4,946,920               | 4,328,731            | 0                        | 0                   | 4,946,920           | 4,328,731            |
| Unrestricted               | <u>(4,338,178)</u>      | <u>(3,942,702)</u>   | <u>45,769</u>            | <u>(7,178)</u>      | <u>(4,292,409)</u>  | <u>(3,949,880)</u>   |
| Total Net Position         | <u>\$25,560,528</u>     | <u>\$ 25,337,814</u> | <u>\$1,550,811</u>       | <u>\$ 1,482,863</u> | <u>\$27,111,338</u> | <u>\$ 26,820,677</u> |

**LIBERTY COUNTY, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

**Comparative Statement of Changes in Net Position**

|                                    | <u>Governmental Activities</u> |                      | <u>Business-type Activities</u> |                     | <u>Total</u>         |                      |
|------------------------------------|--------------------------------|----------------------|---------------------------------|---------------------|----------------------|----------------------|
|                                    | <u>2017</u>                    | <u>2016</u>          | <u>2017</u>                     | <u>2016</u>         | <u>2017</u>          | <u>2016</u>          |
| Revenues:                          |                                |                      |                                 |                     |                      |                      |
| Program Revenues:                  |                                |                      |                                 |                     |                      |                      |
| Charges for Services               | \$ 1,386,982                   | \$ 1,309,307         | \$ 312,948                      | \$ 278,620          | \$ 1,699,930         | \$ 1,587,927         |
| Operating Grants and Contributions | 1,847,104                      | 1,542,471            | 0                               | 0                   | 1,847,104            | 1,542,471            |
| Capital Grants and Contributions   | 1,345,342                      | 1,592,970            | 116,770                         | 32,173              | 1,462,112            | 1,625,143            |
| General Revenues:                  |                                |                      |                                 |                     |                      |                      |
| Property Taxes                     | 2,083,481                      | 2,202,138            | 0                               | 0                   | 2,083,481            | 2,202,138            |
| Other Taxes                        | 4,077,554                      | 1,709,504            | 0                               | 0                   | 4,077,554            | 1,709,504            |
| Other                              | 779,794                        | 1,754,763            | 0                               | 0                   | 779,794              | 1,754,763            |
| Total Revenues                     | <u>11,520,257</u>              | <u>10,111,153</u>    | <u>429,718</u>                  | <u>310,793</u>      | <u>11,949,975</u>    | <u>10,421,946</u>    |
| Expenses:                          |                                |                      |                                 |                     |                      |                      |
| Program Expenses:                  |                                |                      |                                 |                     |                      |                      |
| General Government                 | 2,607,197                      | 2,244,336            | 0                               | 0                   | 2,607,197            | 2,244,336            |
| Public Safety                      | 3,782,529                      | 3,016,760            | 0                               | 0                   | 3,782,529            | 3,016,760            |
| Physical Environment               | 1,106,034                      | 905,942              | 0                               | 0                   | 1,106,034            | 905,760              |
| Transportation                     | 2,718,597                      | 2,278,526            | 0                               | 0                   | 2,718,597            | 2,278,526            |
| Economic Environment               | 25,818                         | 18,206               | 0                               | 0                   | 25,818               | 18,206               |
| Human Services                     | 261,806                        | 303,270              | 0                               | 0                   | 261,806              | 303,270              |
| Culture and Recreation             | 324,961                        | 313,674              | 0                               | 0                   | 324,961              | 313,674              |
| Court-related                      | 396,742                        | 302,082              | 0                               | 0                   | 396,742              | 302,082              |
| Water Fund                         | 0                              | 0                    | 430,218                         | 457,789             | 430,218              | 457,789              |
| Interest on Long-term Debt         | 5,414                          | 5,002                | 0                               | 0                   | 5,414                | 5,002                |
| Total Expenses                     | <u>11,229,099</u>              | <u>9,387,798</u>     | <u>430,218</u>                  | <u>457,789</u>      | <u>11,659,317</u>    | <u>9,845,587</u>     |
| Transfers                          | (68,445)                       | (63,830)             | 68,447                          | 63,830              | 1                    | 0                    |
| Increase in Net Position           | <u>222,713</u>                 | <u>659,526</u>       | <u>67,947</u>                   | <u>(83,166)</u>     | <u>290,660</u>       | <u>576,359</u>       |
| Net Position:                      |                                |                      |                                 |                     |                      |                      |
| Beginning of the Year              | <u>25,337,814</u>              | <u>24,678,288</u>    | <u>1,482,864</u>                | <u>1,566,030</u>    | <u>26,820,678</u>    | <u>26,244,318</u>    |
| End of the Year                    | <u>\$ 25,560,527</u>           | <u>\$ 25,337,814</u> | <u>\$ 1,550,811</u>             | <u>\$ 1,482,864</u> | <u>\$ 27,111,338</u> | <u>\$ 26,820,677</u> |

**LIBERTY COUNTY, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

**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 \$700,482. The County's total governmental fund balances at September 30, 2017, were \$7,790,662. Of this amount, \$2,843,742 (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 \$2,786,913. Total expenditures including transfers out were \$6,061,450. 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 \$5,464,370 to \$ 6,663,105 and actual expenditures of the General Fund were \$5,732,863. This was \$900,242 under the amount in the final budget. Budgeted transfers out was changed to \$249,793, Actual transfers out were \$249,732 a difference of \$61. Actual revenues were under the amounts of the amended budget, and the net change in fund balance was an increase of \$258,516.

**CAPITAL ASSETS AND DEBT MANAGEMENT**

**Capital Assets**

The County's investment in capital assets for its governmental activities as of September 30, 2017, exceeded \$24,951,785 (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 \$2,438,418 in depreciable assets.

An increase in accumulated depreciation of \$1,454,746.

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

**LIBERTY COUNTY, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

**Long-Term Debt**

As previously stated, for the fiscal year ended September 30, 2017, 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, \$7,144,967 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.

## **BASIC FINANCIAL STATEMENTS**



**LIBERTY COUNTY, FLORIDA**  
**STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2017**

|   | Primary Government         |                             |                      |
|---|----------------------------|-----------------------------|----------------------|
|   | Governmental<br>Activities | Business-Type<br>Activities | Total                |
| <b>Assets</b>                                   |                            |                             |                      |
| Current Assets:                                 |                            |                             |                      |
| Cash  | \$ 4,090,920               | \$ 0                        | \$ 4,090,920         |
| Investments                                     | 3,475,239                  | 0                           | 3,475,239            |
| Accounts Receivables, Net                       | 157,542                    | 25,653                      | 183,195              |
| Internal Balances                               | 1,442,095                  | 87,236                      | 1,529,331            |
| Due from Other Governments                      | 1,690,834                  | 0                           | 1,690,834            |
| Prepaid Items                                   | 103,718                    | 0                           | 103,718              |
| Due from Individuals                            | 0                          | 0                           | 0                    |
| Restricted Cash and Investments                 | 0                          | 0                           | 0                    |
| Total Current Assets                            | 10,960,350                 | 112,889                     | 11,073,238           |
| Noncurrent Assets:                              |                            |                             |                      |
| Capital Assets:                                 |                            |                             |                      |
| Nondepreciable                                  | 1,571,992                  | 143,521                     | 1,715,513            |
| Depreciable, Net                                | 24,014,330                 | 1,894,861                   | 25,909,191           |
| Total Noncurrent Assets                         | 25,586,322                 | 2,038,382                   | 27,624,704           |
| <b>Total Assets</b>                             | <b>36,546,672</b>          | <b>2,151,271</b>            | <b>38,697,942</b>    |
| <b>Deferred Outflows of Resources</b>           |                            |                             |                      |
| Pension Related                                 | 3,617,749                  | 0                           | 3,617,749            |
| <b>Liabilities</b>                              |                            |                             |                      |
| Current Liabilities:                            |                            |                             |                      |
| Accounts Payable and Accrued Expenses           | 848,523                    | 6,615                       | 855,138              |
| Internal Balances                               | 1,509,820                  | 0                           | 1,509,820            |
| Due to Individuals                              | 4,588                      | 0                           | 4,588                |
| Due to Other Governments                        | 0                          | 0                           | 0                    |
| Customer Deposits                               | 0                          | 60,505                      | 60,505               |
| Unearned Revenue                                | 567,915                    | 0                           | 567,915              |
| Current Portion of Long-term Debt               | 129,655                    | 15,000                      | 144,655              |
| Total Current Liabilities                       | 3,060,501                  | 82,120                      | 3,142,620            |
| Noncurrent Liabilities:                         |                            |                             |                      |
| Net Pension Liability                           | 7,144,967                  | 0                           | 7,144,967            |
| Due in More Than One Year                       | 3,584,232                  | 518,341                     | 4,102,573            |
| Total Noncurrent Liabilities                    | 10,729,199                 | 518,341                     | 11,247,540           |
| <b>Total Liabilities</b>                        | <b>13,789,700</b>          | <b>600,460</b>              | <b>14,390,160</b>    |
| <b>Deferred Inflows of Resources</b>            |                            |                             |                      |
| Pension Related                                 | 814,193                    | 0                           | 814,193              |
| <b>Net Position</b>                             |                            |                             |                      |
| Invested in Capital Assets, Net of Related Debt | 24,951,785                 | 1,505,041                   | 26,456,826           |
| Restricted                                      | 4,946,920                  | 0                           | 4,946,920            |
| Unrestricted                                    | (4,338,178)                | 45,769                      | (4,292,409)          |
| <b>Total Net Position</b>                       | <b>\$ 25,560,528</b>       | <b>\$ 1,550,811</b>         | <b>\$ 27,111,338</b> |

See accompanying notes to Financial Statements

**LIBERTY COUNTY, FLORIDA**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

| Functions/Programs                   | Expenses             | Program Revenues                                    |  |  | Net (Expense) Revenue and<br>Changes in Net Position |                              |                       |
|--------------------------------------|----------------------|---|--|--|--|------------------------------|-----------------------|
|                                      |                      | Charges<br>for<br>Services                          | Operating<br>Grants and<br>Contributions | Capital<br>Grants and<br>Contributions | Governmental<br>Activities                           | Business- Type<br>Activities | Total                 |
| <b>Governmental Activities:</b>      |                      |   |  |  |  |                              |                       |
| General Government                   | \$ 2,607,197         | \$ 239,357  | \$ 57,606                                | \$ 200,000                             | \$ (2,110,234)                                       | \$ 0                         | \$ (2,110,234)        |
| Public Safety                        | 3,782,529            | 355,404   | 662,861                                  | 2,162                                  | (2,762,103)  | 0                            | (2,762,103)           |
| Physical Environment                 | 1,106,034            | 448,843   | 446,473                                  | 0                                      | (210,718)  | 0                            | (210,718)             |
| Transportation                       | 2,718,597            | 28,675  | 459,281                                  | 1,143,180                              | (1,087,462)  | 0                            | (1,087,462)           |
| Economic Environment                 | 25,818               | 0   | 0  | 0                                      | (25,818)   | 0                            | (25,818)              |
| Human Services                       | 261,806              | 0   | 0  | 0                                      | (261,806)  | 0                            | (261,806)             |
| Court Related                        | 396,742              | 207,368   | 220,883                                  | 0                                      | 31,509   | 0                            | 31,509                |
| Culture and Recreation               | 324,961              | 107,335   | 0  | 0                                      | (217,626)  | 0                            | (217,626)             |
| Interest on Long-term Debt           | 5,414                | 0   | 0  | 0                                      | (5,414)  | 0                            | (5,414)               |
| <b>Total Governmental Activities</b> | <b>11,229,099</b>    | <b>1,386,982</b>                                    | <b>1,847,104</b>                         | <b>1,345,342</b>                       | <b>(6,649,671)</b>                                   | <b>0</b>                     | <b>(6,649,671)</b>    |
| <b>Business- Type Activities</b>     |                      |   |  |  |  |                              |                       |
| Water Fund                           | 430,218              | 312,948   | 0  | 116,770                                | 0  | (500)                        | (500)                 |
| <b>Total Primary Government</b>      | <b>\$ 11,659,317</b> | <b>\$ 1,699,930</b>                                 | <b>\$ 1,847,104</b>                      | <b>\$ 1,462,112</b>                    | <b>\$ (6,649,671)</b>                                | <b>\$ (500)</b>              | <b>\$ (6,650,171)</b> |
| <b>General Revenues</b>              |                      |   |  |  |  |                              |                       |
| Taxes:                               |                      |   |  |  |  |                              |                       |
|                                      |                      | Property Taxes                                      |  |  | \$ 2,083,481   | \$ 0                         | \$ 2,083,481          |
|                                      |                      | Franchise and Utility Taxes                         |  |  | 322,582  | 0                            | 322,582               |
|                                      |                      | Discretionary Sales Surtax                          |  |  | 652,966  | 0                            | 652,966               |
|                                      |                      | Local Option Gas Tax                                |  |  | 860,915  | 0                            | 860,915               |
|                                      |                      | Federal Payment in Lieu of Taxes                    |  |  | 456,358  | 0                            | 456,358               |
|                                      |                      | Sales Tax and Other Shared Revenues                 |  |  | 2,241,091  | 0                            | 2,241,091             |
|                                      |                      | Investment Earnings                                 |  |  | 37,276   | 0                            | 37,276                |
|                                      |                      | Miscellaneous                                       |  |  | 286,160  | 0                            | 286,160               |
|                                      |                      | Loss on Disposal of Assets                          |  |  | 0  | 0                            | 0                     |
|                                      |                      | <b>Transfers</b>                                    |  |  | <b>(68,445)</b>                                      | <b>68,447</b>                | <b>1</b>              |
|                                      |                      | <b>Total General Revenues and Transfers</b>         |  |  | <b>6,872,384</b>                                     | <b>68,447</b>                | <b>6,940,831</b>      |
|                                      |                      | <b>Change in Net Position</b>                       |  |  | <b>222,713</b>                                       | <b>67,947</b>                | <b>290,660</b>        |
|                                      |                      | <b>Net Position Beginning of Year (As Restated)</b> |  |  | <b>25,337,814</b>                                    | <b>1,482,864</b>             | <b>26,820,678</b>     |
|                                      |                      | <b>Net Position End of Year</b>                     |  |  | <b>\$ 25,560,527</b>                                 | <b>\$ 1,550,810</b>          | <b>\$ 27,111,338</b>  |

See accompanying notes to Financial Statements

**LIBERTY COUNTY, FLORIDA**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2017**

|  | <b>General<br/>Fund</b> | <b>Transportation<br/>Fund</b> | <b>Capital<br/>Projects<br/>Fund</b> | <b>Other<br/>Governmental<br/>Funds</b> | <b>Total<br/>Governmental<br/>Funds</b> |
|--|-------------------------|--------------------------------|--------------------------------------|---|---|
| <b>Assets</b>                                  |                         |                                |                                      |   |   |
| Cash   | \$ 3,108,455            | \$ 50,204                      | \$ 0                                 | \$ 932,261                              | \$ 4,090,920                            |
| Investments                                    | 493,355                 | 984,299                        | 1,151,495                            | 846,089                                 | 3,475,239                               |
| Receivables (Net)                              | 3,913                   | (14)                           | 0                                    | 153,643                                 | 157,542                                 |
| Prepaid Items                                  | 103,718                 | 0                              | 0                                    | 0                                       | 103,718                                 |
| Due from Other Funds                           | 332,830                 | 0                              | 147,421                              | 961,844                                 | 1,442,095                               |
| Due from Other Governments                     | 407,944                 | 941,696                        | 56,558                               | 284,637                                 | 1,690,834                               |
| Due from Individuals                           | 0                       | 0                              | 0                                    | 0                                       | 0                                       |
| <b>Total Assets</b>                            | <u>4,450,215</u>        | <u>1,976,186</u>               | <u>1,355,475</u>                     | <u>3,178,474</u>                        | <u>10,960,350</u>                       |
| <b>Liabilities and Fund Balances</b>           |                         |                                |                                      |   |   |
| <b>Liabilities</b>                             |                         |                                |                                      |   |   |
| Payables and Accrued Expenses                  | 222,968                 | 542,147                        | 0                                    | 83,409                                  | 848,523                                 |
| Due to Individuals                             | 4,588                   | 0                              | 0                                    | 0                                       | 4,588                                   |
| Internal Balances                              | 0                       | 0                              | 0                                    | 0                                       | 0                                       |
| Due to Other Funds                             | 1,176,991               | 229,922                        | 0                                    | 102,907                                 | 1,509,820                               |
| Due to Other Governments                       | 0                       | 0                              | 0                                    | 0                                       | 0                                       |
| Deferred Revenues                              | 0                       | 0                              | 0                                    | 567,915                                 | 567,915                                 |
| <b>Total Liabilities</b>                       | <u>1,404,547</u>        | <u>772,068</u>                 | <u>0</u>                             | <u>754,231</u>                          | <u>2,930,846</u>                        |
| <b>Deferred Inflows of Resources</b>           |                         |                                |                                      |   |   |
| Unavailable Resources                          | <u>182,279</u>          | <u>29,171</u>                  | <u>0</u>                             | <u>27,390</u>                           | <u>238,841</u>                          |
| <b>Fund Balances</b>                           |                         |                                |                                      |   |   |
| Nonspendable                                   | 0                       | 0                              | 0                                    | 0                                       | 0                                       |
| Restricted                                     | 76,475                  | 1,174,947                      | 1,355,475                            | 2,340,024                               | 4,946,920                               |
| Committed                                      | 0                       | 0                              | 0                                    | 0                                       | 0                                       |
| Assigned                                       | 0                       | 0                              | 0                                    | 0                                       | 0                                       |
| Unassigned                                     | 2,786,913               | 0                              | 0                                    | 56,829                                  | 2,843,742                               |
| <b>Total Fund Balances</b>                     | <u>2,863,389</u>        | <u>1,174,947</u>               | <u>1,355,475</u>                     | <u>2,396,853</u>                        | <u>7,790,662</u>                        |
| <b>Total Liabilities and<br/>Fund Balances</b> | <u>\$ 4,450,215</u>     | <u>\$ 1,976,186</u>            | <u>\$ 1,355,475</u>                  | <u>\$ 3,178,474</u>                     | <u>\$ 10,960,350</u>                    |

See accompanying notes to Financial Statements

**LIBERTY COUNTY, FLORIDA**  
**RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION**  
**GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2017**

|  |                    |                             |
|--|--------------------|-----------------------------|
| <b>Total Fund Balances of Governmental Funds</b>   |                    | <b>\$ 7,790,662</b>         |
| <b>Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:</b>  |                    |                             |
| 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. |                    | 25,586,322                  |
| Receivables that do not provide current financial resources are reported as deferred inflows of resources in the governmental funds.   |                    | 238,841                     |
| Certain pension related amounts are being deferred and amortized over a period of years or are being deferred as contributions to the plan made after the measurement date:        |                    |                             |
| Deferred Outflows Related to Pensions  | 3,617,749          |                             |
| Deferred Inflows Related to Pensions   | <u>(814,193)</u>   | 2,803,556                   |
| 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  | (239,451)          |                             |
| Lease Purchase Agreement   | (130,058)          |                             |
| Accrued Other Postemployment Benefits Obligation   | (2,618,000)        |                             |
| Accrued Compensated Absences   | (252,559)          |                             |
| Estimated Landfill Postclosure Costs   | (473,819)          |                             |
| Net Pension Liability  | <u>(7,144,967)</u> | <u>(10,858,854)</u>         |
| <b>Total Net Position of Governmental Activities</b>   |                    | <b>\$ <u>25,560,527</u></b> |

See accompanying notes to Financial Statements

**LIBERTY COUNTY, FLORIDA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

|  | <b>General<br/>Fund</b> | <b>Transportation<br/>Fund</b> | <b>Capital<br/>Projects<br/>Fund</b> | <b>Other<br/>Governmental<br/>Funds</b> | <b>Total<br/>Governmental<br/>Funds</b> |
|--|-------------------------|--------------------------------|--------------------------------------|---|---|
| <b>Revenues</b>  |                         |                                |                                      |   |   |
| Taxes  | \$ 3,032,691            | \$ 36,138                      | \$ 0                                 | \$ 0                                    | \$ 3,068,829                            |
| Licenses and Permits   | 36,125                  | 50                             | 0                                    | 0                                       | 36,175                                  |
| Intergovernmental  | 2,491,588               | 1,610,351                      | 670,614                              | 1,734,577                               | 6,507,129                               |
| Charges for Services   | 448,125                 | 28,675                         | 0                                    | 883,798                                 | 1,360,597                               |
| Fines and Forfeitures  | 67,762                  | 0                              | 0                                    | 125,055                                 | 192,816                                 |
| Miscellaneous  | 164,820                 | 12,843                         | 20,770                               | 126,704                                 | 325,136                                 |
| <b>Total Revenues</b>  | <b>6,241,111</b>        | <b>1,688,056</b>               | <b>691,383</b>                       | <b>2,870,133</b>                        | <b>11,490,683</b>                       |
| <b>Expenditures</b>  |                         |                                |                                      |   |   |
| Current:   |                         |                                |                                      |   |   |
| General Government   | 2,257,737               | 0                              | 0                                    | 45,376                                  | 2,303,113                               |
| Public Safety  | 2,523,774               | 0                              | 0                                    | 649,448                                 | 3,173,222                               |
| Physical Environment   | 144,775                 | 0                              | 0                                    | 900,952                                 | 1,045,728                               |
| Transportation   | 0                       | 1,262,134                      | 0                                    | 389,660                                 | 1,651,793                               |
| Economic Environment   | 14,042                  | 0                              | 0                                    | 0                                       | 14,042                                  |
| Human Services   | 143,171                 | 0                              | 0                                    | 0                                       | 143,171                                 |
| Culture and Recreation   | 351,227                 | 0                              | 0                                    | 0                                       | 351,227                                 |
| Court Related  | 0                       | 0                              | 0                                    | 313,940                                 | 313,940                                 |
| Debt Service:  |                         |                                |                                      |   |   |
| Principal Payments   | 4,052                   | 4,588                          | 0                                    | 0                                       | 8,640                                   |
| Interest   | 5,002                   | 412                            | 0                                    | 0                                       | 5,414                                   |
| Capital Outlay   | 289,083                 | 1,249,737                      | 0                                    | 440,793                                 | 1,979,612                               |
| <b>(Total Expenditures)</b>  | <b>(5,732,863)</b>      | <b>(2,516,870)</b>             | <b>0</b>                             | <b>(2,740,169)</b>                      | <b>(10,989,902)</b>                     |
| <b>Excess (Deficiency) of Revenues<br/>Over (Under) Expenditures</b> | <b>508,248</b>          | <b>(828,815)</b>               | <b>691,383</b>                       | <b>129,965</b>                          | <b>500,781</b>                          |
| <b>Other Financing Sources (Uses)</b>                                |                         |                                |                                      |   |   |
| Operating Transfers in   | 78,855                  | 879,090                        | 0                                    | 320,764                                 | 1,278,709                               |
| Operating Transfers out  | (328,587)               | (60,000)                       | (628,749)                            | (329,818)                               | (1,347,154)                             |
| Issuance of Debt   | 0                       | 134,646                        | 0                                    | 133,500                                 | 268,146                                 |
| <b>Total Other Financing Sources (Uses)</b>                          | <b>(249,732)</b>        | <b>953,736</b>                 | <b>(628,749)</b>                     | <b>124,445</b>                          | <b>199,701</b>                          |
| <b>Net Change in Fund Balances</b>                                   | <b>258,516</b>          | <b>124,921</b>                 | <b>62,634</b>                        | <b>254,410</b>                          | <b>700,482</b>                          |
| <b>Fund Balances, Beginning of Year</b>                              | <b>2,604,870</b>        | <b>1,050,025</b>               | <b>1,292,840</b>                     | <b>2,142,443</b>                        | <b>7,090,178</b>                        |
| <b>Fund Balances, End of Year</b>                                    | <b>\$ 2,863,386</b>     | <b>\$ 1,174,947</b>            | <b>\$ 1,355,475</b>                  | <b>\$ 2,396,852</b>                     | <b>\$ 7,790,660</b>                     |

See accompanying notes to Financial Statements

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

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

|   |                    |                          |
|---|--------------------|--------------------------|
| Net Change in Fund Balances - Total Governmental Funds.   |                    | \$ 700,482               |
| 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   | \$ 1,979,612       |                          |
| Less: Current Year Depreciation   | <u>(1,454,746)</u> | 524,866                  |
| Issuance of debt is not a revenue   |                    | (268,146)                |
| Repayment of long-term debt is reported as an expenditure in the governmental fund but as a reduction of long-term liabilities in the statement of net position.  |                    | 8,640                    |
| Receivables that do not provide current financial resources are reported as Deferred inflows of resources in the governmental fund.   |                    | 29,574                   |
| Certain pension related amounts are being deferred and amortized over a period of years or are being deferred as contributions to the plan made after the measurement date:                                       |                    |                          |
| Deferred Inflows Related to Pensions  | 297,071            |                          |
| Deferred Outflows Related to Pensions   | (279,874)          | 17,197                   |
| Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:                           |                    |                          |
| Compensated Absences  | 17,205             |                          |
| Other Postemployment Benefits   | (194,000)          |                          |
| Landfill Postclosure Costs  | (10,253)           |                          |
| Net Pension Liability   | (602,852)          | <u>(789,900)</u>         |
| <b>Change in Net Position of Governmental Activities</b>  |                    | <b><u>\$ 222,713</u></b> |

See accompanying notes to Financial Statements

**LIBERTY COUNTY, FLORIDA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

|   | <b>Budgeted Amounts</b> |                    | <b>Actual</b>       | <b>Variance With</b> |
|---|-------------------------|--------------------|---------------------|----------------------|
|   | <b>Original</b>         | <b>Final</b>       | <b>Amounts</b>      | <b>Final Budget</b>  |
|   |                         |                    |                     | <b>Positive</b>      |
|   |                         |                    |                     | <b>(Negative)</b>    |
| <b>Revenues</b>                             |                         |                    |                     |                      |
| Taxes                                       | \$ 2,413,883            | \$ 2,501,065       | \$ 3,032,691        | \$ 531,626           |
| Licenses and Permits                        | 15,493                  | 18,793             | 36,125              | 17,332               |
| Intergovernmental Revenues                  | 2,919,941               | 3,739,365          | 2,491,588           | (1,247,777)          |
| Fines and Forfeitures                       | 306,139                 | 464,259            | 448,125             | (16,134)             |
| Charges for Services                        | 10,245                  | 24,403             | 67,762              | 43,359               |
| Miscellaneous Revenues                      | 48,404                  | 59,968             | 164,820             | 104,852              |
| <b>Total Revenues</b>                       | <b>5,714,105</b>        | <b>6,807,853</b>   | <b>6,241,111</b>    | <b>(566,742)</b>     |
| <b>Expenditures</b>                         |                         |                    |                     |                      |
| Current:                                    |                         |                    |                     |                      |
| General Government                          | 2,555,014               | 2,950,078          | 2,551,822           | (398,256)            |
| Public Safety                               | 2,177,026               | 2,845,124          | 2,523,774           | (321,350)            |
| Physical Environment                        | 86,653                  | 94,347             | 144,775             | 50,428               |
| Transportation                              | 0                       | 0                  | 0                   | 0                    |
| Economic Environment                        | 0                       | 17,266             | 14,042              | (3,224)              |
| Human Services                              | 288,701                 | 306,145            | 143,171             | (162,974)            |
| Culture and Recreation                      | 356,976                 | 420,145            | 351,227             | (68,918)             |
| Debt Service:                               | 0                       | 0                  |                     |                      |
| Principal                                   | 0                       | 0                  | 0                   | 0                    |
| Interest                                    | 0                       | 0                  | 4,052               | 4,052                |
| <b>(Total Expenditures)</b>                 | <b>(5,464,370)</b>      | <b>(6,633,105)</b> | <b>(5,732,863)</b>  | <b>(900,242)</b>     |
| <b>Excess of Revenues Over</b>              |                         |                    |                     |                      |
| <b>Expenditures</b>                         | <b>249,735</b>          | <b>174,748</b>     | <b>508,248</b>      | <b>333,500</b>       |
| <b>Other Financing Sources (Uses)</b>       |                         |                    |                     |                      |
| Operating Transfers in                      | 78,855                  | 78,855             | 78,855              | 0                    |
| Operating Transfers out                     | (328,590)               | (328,648)          | (328,587)           | 61                   |
| <b>Total Other Financing Sources (Uses)</b> | <b>(249,735)</b>        | <b>(249,793)</b>   | <b>(249,732)</b>    | <b>61</b>            |
| <b>Net Change in Fund Balance</b>           | <b>0</b>                | <b>(75,045)</b>    | <b>258,516</b>      | <b>333,561</b>       |
| <b>Fund Balance, Beginning of Year</b>      | <b>0</b>                | <b>0</b>           | <b>2,604,870</b>    | <b>2,604,870</b>     |
| <b>Fund Balance, End of Year</b>            | <b>\$ 0</b>             | <b>\$ (75,045)</b> | <b>\$ 2,863,386</b> | <b>\$ 2,938,431</b>  |

See accompanying notes to Financial Statements

**LIBERTY COUNTY, FLORIDA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - TRANSPORTATION FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

|   | <b>Budgeted Amounts</b> |                  | <b>Actual</b>       | <b>Variance With</b> |
|---|-------------------------|------------------|---------------------|----------------------|
|   | <b>Original</b>         | <b>Final</b>     | <b>Amounts</b>      | <b>Final Budget</b>  |
|   |                         |                  |                     | <b>Positive</b>      |
|   |                         |                  |                     | <b>(Negative)</b>    |
| <b>Revenues</b>                             |                         |                  |                     |                      |
| Taxes                                       | \$ 0                    | \$ 0             | \$ 36,138           | \$ 36,138            |
| Licenses and Permits                        | 0                       | 150              | 50                  | (100)                |
| Intergovernmental Revenues                  | 3,277,583               | 3,345,180        | 1,610,351           | (1,734,829)          |
| Charges for Services                        | 23,816                  | 35,000           | 28,675              | (6,325)              |
| Miscellaneous Revenues                      | 5,675                   | 9,000            | 12,843              | 3,843                |
| <b>Total Revenues</b>                       | <u>3,307,074</u>        | <u>3,389,330</u> | <u>1,688,056</u>    | <u>(1,701,274)</u>   |
| <b>Expenditures</b>                         |                         |                  |                     |                      |
| Current:                                    |                         |                  |                     |                      |
| Transportation                              | 4,159,256               | 4,241,512        | 2,511,870           | (1,729,642)          |
| Debt Service:                               |                         |                  |                     |                      |
| Principal                                   | 0                       | 0                | 4,588               | 4,588                |
| Interest                                    | 0                       | 0                | 412                 | 412                  |
| <b>(Total Expenditures)</b>                 | <u>4,159,256</u>        | <u>4,241,512</u> | <u>2,516,870</u>    | <u>(1,724,642)</u>   |
| <b>(Deficiency) of Revenues (Under)</b>     |                         |                  |                     |                      |
| <b>Expenditures</b>                         | <u>(852,182)</u>        | <u>(852,182)</u> | <u>(828,815)</u>    | <u>23,367</u>        |
| <b>Other Financing Sources (Uses)</b>       |                         |                  |                     |                      |
| Operating Transfers in                      | 912,182                 | 912,182          | 879,090             | (33,092)             |
| Operating Transfers (out)                   | (60,000)                | (60,000)         | (60,000)            | 0                    |
| Issuance of Debt                            | 0                       | 0                | 134,646             | 134,646              |
| <b>Total Other Financing Sources (Uses)</b> | <u>852,182</u>          | <u>852,182</u>   | <u>953,736</u>      | <u>(33,092)</u>      |
| <b>Net Change in Fund Balance</b>           | 0                       | 0                | 124,921             | (9,725)              |
| <b>Fund Balance, Beginning of Year</b>      | <u>0</u>                | <u>0</u>         | <u>1,050,025</u>    | <u>0</u>             |
| <b>Fund Balance, End of Year</b>            | <u>\$ 0</u>             | <u>\$ 0</u>      | <u>\$ 1,174,947</u> | <u>\$ (9,725)</u>    |

See accompanying notes to Financial Statements



**LIBERTY COUNTY, FLORIDA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - CAPITAL PROJECT FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

|   | <b>Budgeted Amounts</b> |                  | <b>Actual</b>       | <b>Variance With</b> |
|---|-------------------------|------------------|---------------------|----------------------|
|   | <b>Original</b>         | <b>Final</b>     | <b>Amounts</b>      | <b>Final Budget</b>  |
|   |                         |                  |                     | <b>Positive</b>      |
|   |                         |                  |                     | <b>(Negative)</b>    |
| <b>Revenues</b>                             |                         |                  |                     |                      |
| Taxes                                       | \$ 0                    | \$ 0             | \$ 0                | \$ 0                 |
| Licenses and Permits                        | 0                       | 0                | 0                   | 0                    |
| Intergovernmental Revenues                  | 661,841                 | 647,841          | 670,614             | 22,773               |
| Charges for Services                        | 0                       | 0                | 0                   | 0                    |
| Miscellaneous Revenues                      | 0                       | 14,000           | 20,770              | 6,770                |
| <b>Total Revenues</b>                       | <u>661,841</u>          | <u>661,841</u>   | <u>691,383</u>      | <u>29,542</u>        |
| <b>Expenditures</b>                         |                         |                  |                     |                      |
| Current:                                    |                         |                  |                     |                      |
| Transportation                              | 0                       | 0                | 0                   | 0                    |
| Debt Service:                               |                         |                  |                     |                      |
| Principal                                   | 0                       | 0                | 0                   | 0                    |
| Interest                                    | 0                       | 0                | 0                   | 0                    |
| <b>(Total Expenditures)</b>                 | <u>0</u>                | <u>0</u>         | <u>0</u>            | <u>0</u>             |
| <b>(Deficiency) of Revenues (Under)</b>     |                         |                  |                     |                      |
| <b>Expenditures</b>                         | <u>661,841</u>          | <u>661,841</u>   | <u>691,383</u>      | <u>29,542</u>        |
| <b>Other Financing Sources (Uses)</b>       |                         |                  |                     |                      |
| Operating Transfers in                      | 0                       | 0                | 0                   | 0                    |
| Operating Transfers (out)                   | (661,841)               | (661,841)        | (628,749)           | 33,092               |
| <b>Total Other Financing Sources (Uses)</b> | <u>(661,841)</u>        | <u>(661,841)</u> | <u>(628,749)</u>    | <u>33,092</u>        |
| <b>Net Change in Fund Balance</b>           | 0                       | 0                | 62,634              | 0                    |
| <b>Fund Balance, Beginning of Year</b>      | <u>0</u>                | <u>0</u>         | <u>1,292,840</u>    | <u>0</u>             |
| <b>Fund Balance, End of Year</b>            | <u>\$ 0</u>             | <u>\$ 0</u>      | <u>\$ 1,355,475</u> | <u>\$ 0</u>          |

See accompanying notes to Financial Statements

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

|   | <b>Water<br/>Fund</b> |
|---|-----------------------|
| <b>Assets</b>   |                       |
| <b>Current Assets</b>   |                       |
| Accounts Receivables (Net of Allowance for Doubtful Accounts) | \$ 25,653             |
| Due from Other Funds  | 87,236                |
| Due from Other Governments                                    | 0                     |
| <b>Total Current Assets</b>                                   | <u>112,889</u>        |
| <b>Noncurrent Assets</b>                                      |                       |
| Restricted Cash and Cash Equivalents                          |                       |
| Capital Assets:   |                       |
| Land and Land Improvements                                    | 143,521               |
| Depreciable Buildings, Property and Equipment, Net            | 1,894,861             |
| <b>Total Noncurrent Assets</b>                                | <u>2,038,382</u>      |
| <b>Total Assets</b>   | <u>2,151,271</u>      |
| <b>Liabilities</b>  |                       |
| <b>Current Liabilities</b>                                    |                       |
| Accounts Payable and Accrued Liabilities                      | 6,615                 |
| Due to Other Funds  | 0                     |
| <b>Total Current Liabilities</b>                              | <u>6,615</u>          |
| <b>Payable from Restricted Assets</b>                         |                       |
| Current Portion of Long-term Obligations                      | 15,000                |
| Customer Deposits   | 60,505                |
| <b>Total Payable from Restricted Assets</b>                   | <u>75,505</u>         |
| <b>Noncurrent Liabilities</b>                                 |                       |
| Noncurrent Portion of Long-term Obligations                   | 518,341               |
| <b>Total Noncurrent Liabilities</b>                           | <u>518,341</u>        |
| <b>Total Liabilities</b>                                      | <u>600,460</u>        |
| <b>Net Position</b>   |                       |
| Invested in Capital Assets, Net of Related Debt               | 1,505,041             |
| Unrestricted  | 45,769                |
| <b>Total Net Position</b>                                     | <u>\$ 1,550,811</u>   |

See accompanying notes to Financial Statements

**LIBERTY COUNTY, FLORIDA**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**PROPRIETARY FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

|   | <b>Water<br/>Fund</b>      |
|---|----------------------------|
| <b>Operating Revenues</b>                                   |                            |
| Charges for Services  | <u>\$ 312,948</u>          |
| <b>Operating Expenses</b>                                   |                            |
| Personal Services   | 151,961                    |
| Heat, Light and Power                                       | 32,431                     |
| Depreciation  | 0                          |
| Other Operating Expenses                                    | 219,749                    |
| <b>(Total Operating Expenses)</b>                           | <u>(404,141)</u>           |
| <b>Operating (Loss)</b>                                     | <u>(91,193)</u>            |
| <b>Nonoperating (Expenses)</b>                              |                            |
| Interest Expense  | (26,078)                   |
| <b>(Loss) Before Capital Grants and Operating Transfers</b> | <u>(117,270)</u>           |
| <b>Capital Grants and Operating Transfers</b>               |                            |
| Capital Grants  | 116,770                    |
| Transfers In  | 80,447                     |
| Transfers Out   | (12,000)                   |
| <b>Total Capital Grants and Operating Transfers</b>         | <u>185,217</u>             |
| <b>Increase (Decrease) in Net Position</b>                  | <u>67,947</u>              |
| <b>Net Position, Beginning of Year</b>                      | 1,482,864                  |
| <b>Net Position, End of Year</b>                            | <u><u>\$ 1,550,811</u></u> |

See accompanying notes to Financial Statements

**LIBERTY COUNTY, FLORIDA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

|   | <b>Water<br/>Fund</b>  |
|---|------------------------|
| <b>Cash Flows from Operating Activities</b>   |                        |
| Cash Received from Customers and Others   | \$ 294,448             |
| Cash Paid to Employees  | (158,023)              |
| Cash Paid to Suppliers  | (152,285)              |
| <b>Net Cash Provided by (Used in) Operating Activities</b>  | <u>6,633</u>           |
| <b>Cash Flows from Noncapital Financing Activities</b>  |                        |
| Amounts Received from Other Funds   |                        |
| Operating Transfers In  | 80,447                 |
| Operating Transfers Out   | (12,000)               |
| <b>Net Cash Provided by (Used in) Noncapital Financing Activities</b>   | <u>68,447</u>          |
| <b>Cash Flows from Capital and Related Financing Activities</b>   |                        |
| Capital Grants  | 116,770                |
| Principal Payments on Bonds   | (14,659)               |
| Interest Payments on Bonds  | (26,078)               |
| Purchase of Fixed Assets  | 0                      |
| <b>Net Cash Provided by (Used in) Capital and Related Financing Activities</b>                                    | <u>76,034</u>          |
| <b>Net Increase (Decrease) in Cash and Cash Equivalents</b>   | 0                      |
| <b>Cash and Cash Equivalents, Beginning of Year</b>   | <u>0</u>               |
| <b>Cash and Cash Equivalents, End of Year</b>   | <u><u>0</u></u>        |
| <b>Total Reconciliation of Operating Income (Loss) to Net Cash<br/>Provided by (Used in) Operating Activities</b> | <u><u>0</u></u>        |
| <b>Cash Flows from Operating Activities</b>   |                        |
| Operating Income (Loss)   | (91,193)               |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash<br>Provided by (Used in) Operating Activities        | 0                      |
| Depreciation  | 127,309                |
| Changes in Assets - Decrease (Increase)<br>and Liabilities - Increase (Decrease):                                 |                        |
| Accounts Receivable, Net  | 2,002                  |
| Due From Other Governments  | (3,700)                |
| Accounts Payable  | 1,319                  |
| Interfund Balances  | (32,739)               |
| Customer Deposits   | 3,635                  |
| <b>Net Cash Provided by (Used in) Operating Activities</b>  | <u><u>\$ 6,633</u></u> |

See accompanying notes to Financial Statements

**LIBERTY COUNTY, FLORIDA**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**PROPRIETARY FUND**  
**SEPTEMBER 30, 2017**

|                            | <u>Agency<br/>Funds</u>  |
|----------------------------|--------------------------|
| <b>Assets</b>              |                          |
| Cash                       | \$ 174,569               |
| Due from Other Funds       | 0                        |
| Due from Other Governments | <u>0</u>                 |
| <b>Total Assets</b>        | <u><u>174,569</u></u>    |
| <b>Liabilities</b>         |                          |
| Due to Individuals         | 24,654                   |
| Due to Other Funds         | 19,511                   |
| Unremitted Collections     | <u>130,404</u>           |
| <b>Total Liabilities</b>   | <u><u>\$ 174,569</u></u> |

See accompanying notes to Financial Statements

## **NOTES TO BASIC FINANCIAL STATEMENTS**

**LIBERTY COUNTY, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**Note 1 - Reporting Entity**

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

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

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

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

**Note 2 - Summary of Significant Accounting Policies**

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

**Government-Wide and Fund Financial Statements**

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

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

**LIBERTY COUNTY, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

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

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

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

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

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

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

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

The County reports the following major governmental funds:

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



**LIBERTY COUNTY, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

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

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

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

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

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

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

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

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

**LIBERTY COUNTY, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

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

**Enterprise Activities**

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

**Budgets and Budgetary Accounting**

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

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

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

**Cash**

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

**Investments**

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

**Receivables**

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

**LIBERTY COUNTY, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

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

**Due from (to) Other Funds**

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

**Prepaid Items**

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

**Capital Assets**

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

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

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

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

**Deferred Revenues**

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

**LIBERTY COUNTY, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

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

**Long-Term Obligations**

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

**Deferred Inflows/Outflows of Resources**

Deferred inflows of resources reported on applicable governmental fund types represent revenues which are measureable 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.

***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.

**LIBERTY COUNTY, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

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

**Property Taxes**

Under Florida law, the assessment of all properties and the collection of all county, municipal and school board property taxes are consolidated in the offices of the Property Appraiser and Tax Collector. The laws of the state regulating tax assessment are also designed to assure a consistent property valuation method state-wide. Florida Statutes permit counties to levy property taxes at a rate of up to 10 mills for general operations. The tax levy rate for general operations of the County for the year ended September 30, 2017, was 10 mills.

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

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

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

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

**Governmental Fund Balance Classifications**

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

**Non-spendable Fund Balance**

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

**LIBERTY COUNTY, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

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

**Spendable Fund Balance**

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

**Restricted Cash and Investments**

Cash and investments of \$343,188 in the landfill special revenue fund were restricted for landfill closure purposes.

**Encumbrances**

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

**Adoption of New Accounting Standards**

During fiscal year 2016-17, the County implemented GASB Statement No. 77, *Tax Abatement Disclosure*. This Statement requires disclosures to be made about the County's own tax abatement agreements as well as any tax abatement agreements entered into by other governments that may reduce the County's tax revenues. Types of information required to be disclosed under this Standard include brief descriptive information about the taxes being abated, the authority under which the tax abatements are provided, the gross dollar amount of taxes abated during the period, any commitments made by the County as part of a tax abatement agreement, and the names of any other governments that entered into tax abatement agreements that reduce the County's tax revenues.

**LIBERTY COUNTY, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

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

**Future GASB Pronouncement Implementation**

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multi-Employer Plans*, for OPEB. This Statement establishes new accounting and financial reporting requirements for governments whose employees are provided with OPEB, including the recognition and measurement of liabilities, deferred outflows of resources, deferred inflows of resources, and expenses. For each qualifying plan providing postemployment benefits other than pensions, employers are required to report the difference between the actuarial OPEB liability and the related plan's fiduciary net position as the net OPEB liability on the statement of net position. Previously, a liability was recognized only to the extent that contributions made to each plan were exceeded by the actuarially calculated contributions for those plans. Additionally, Statement No. 75 sets forth note disclosure and required supplementary disclosure requirements for defined contributions OPEB. The County is currently evaluating the impact that adoption of this statement will have on its financial statements. This statement is effective in fiscal year 2018.

**Note 3 - Cash Deposits and Investments**

At September 30, 2017, the carrying amount of the County's deposits was \$4,091,101. 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, 2017:

**Cash and Cash Equivalents**

|  |                            |
|--|----------------------------|
| Cash in Checking Accounts              | <u>\$ 4,091,101</u>        |
| <b>Total Cash and Cash Equivalents</b> | <b><u>\$ 4,091,101</u></b> |

**Investments**

At September 30, 2017, the County had investments in certificates of deposit held at two local banks in Bristol of \$3,475,239. Of this amount, all certificates of deposits have maturity dates of less than one year.

**LIBERTY COUNTY, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**Note 3 - Cash Deposits and Investments (concluded)**

**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, 2017, 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, 2017, 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.

**Concentration of Credit Risk**

At September 30, 2017, the County did not hold any investments that were considered to be a concentration of credit risk.

**Note 4- Receivables**

Receivables at September 30, 2017, consist of the following:

|                                | <u>Ambulance<br/>Fund</u> | <u>Solid Waste<br/>Fund</u> | <u>Water<br/>Fund</u> | <u>Total</u>      |
|--------------------------------|---------------------------|-----------------------------|-----------------------|-------------------|
| Receivables:                   |                           |                             |                       |                   |
| Gross Receivables              | \$ 155,268                | \$ 524,548                  | \$ 55,475             | \$ 735,291        |
| (Allowance for Uncollectibles) | (70,300)                  | (488,702)                   | (29,823)              | (588,825)         |
| Total                          | <u>\$ 84,968</u>          | <u>\$ 35,845</u>            | <u>\$ 25,653</u>      | <u>\$ 146,466</u> |



**LIBERTY COUNTY, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**Note 5 – Interfund Receivables, Payables and Transfers**

Interfund balances at September 30, 2017, consisted of the following:

|   | <b>Due From</b>     | <b>Due To</b>       |
|---|---------------------|---------------------|
| General Fund                            | \$ 332,830          | \$ 1,176,991        |
| Transportation Fund                     | 0                   | 229,922             |
| Capital Project Fund                    | 147,421             | 0                   |
| Other Governmental Funds                | 961,842             | 102,907             |
| Total Due From / To Other Funds         | 1,442,093           | 1,509,820           |
| General Fund Internal Fund / Water Fund | 87,236              | 0                   |
| Sheriff Trust Fund                      | 0                   | 19,509              |
| <b>Total</b>                            | <b>\$ 1,529,329</b> | <b>\$ 1,529,329</b> |

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

Interfund transfers for the year ended September 30, 2017, consisted of the following:

|                                  | <b>Interfund</b>        |                          |
|----------------------------------|-------------------------|--------------------------|
|                                  | <b>Transfers<br/>In</b> | <b>Transfers<br/>Out</b> |
| General Fund                     | \$ 78,855               | \$ 328,587               |
| Transportation Fund              | 879,090                 | 60,000                   |
| Capital Project Fund             | 0                       | 628,749                  |
| Other Governmental Funds         | 320,764                 | 329,818                  |
| Water Fund                       | 80,447                  | 12,000                   |
| <b>Total Interfund Transfers</b> | <b>\$ 1,359,155</b>     | <b>\$ 1,359,155</b>      |

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

**LIBERTY COUNTY, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**Note 6 - Capital Assets**

|  | Beginning<br>Balance<br>10/1/2016 | Increases          | (Decreases)        | Ending<br>Balance<br>9/30/2017 |
|--|-----------------------------------|--------------------|--------------------|--------------------------------|
| <b>Governmental Activities</b>                           |                                   |                    |                    |                                |
| <b>Capital Assets Not Being Depreciated:</b>             |                                   |                    |                    |                                |
| Land   | \$ 651,192                        | \$ 0               | \$ 0               | \$ 651,192                     |
| Construction in Progress                                 | 1,379,606                         | 1,284,850          | (1,743,656)        | 920,800                        |
| <b>Total Capital Assets Not Being Depreciated</b>        | <u>2,030,798</u>                  | <u>1,284,850</u>   | <u>(1,743,656)</u> | <u>1,571,992</u>               |
| <b>Capital Assets Being Depreciated:</b>                 |                                   |                    |                    |                                |
| Buildings and Improvements                               | 7,253,619                         | 214,950            | 0                  | 7,468,569                      |
| Machinery and Equipment:                                 | 6,171,352                         | 694,762            | 0                  | 6,866,114                      |
| Infrastructure   | 21,941,931                        | 1,528,706          | 0                  | 23,470,637                     |
| <b>Total Capital Assets Being Depreciated</b>            | <u>35,366,902</u>                 | <u>2,438,418</u>   | <u>0</u>           | <u>37,805,320</u>              |
| Less Accumulated Depreciation:                           |                                   |                    |                    |                                |
| Buildings and Improvements                               | (2,578,846)                       | (198,726)          | 0                  | (2,777,572)                    |
| Machinery and Equipment                                  | (4,339,423)                       | (550,588)          | 0                  | (4,890,011)                    |
| Infrastructure   | (5,417,975)                       | (705,432)          | 0                  | (6,123,407)                    |
| <b>Total Accumulated Depreciation</b>                    | <u>(12,336,244)</u>               | <u>(1,454,746)</u> | <u>0</u>           | <u>(13,790,990)</u>            |
| <b>Total Capital Assets Being Depreciated, Net</b>       | <u>23,030,658</u>                 | <u>983,672</u>     | <u>0</u>           | <u>24,014,330</u>              |
| <b>Total Governmental Activities Capital Assets, Net</b> | <u>25,061,456</u>                 | <u>2,268,522</u>   | <u>(1,743,656)</u> | <u>25,586,322</u>              |
| <b>Business-Type Activities</b>                          |                                   |                    |                    |                                |
| <b>Capital Assets Not Being Depreciated</b>              |                                   |                    |                    |                                |
| Land   | 31,520                            | 0                  | 0                  | 31,520                         |
| Construction in Progress                                 | 0                                 | 112,001            | 0                  | 112,001                        |
| <b>Total Capital Assets Not Being Depreciated</b>        | <u>31,520</u>                     | <u>112,001</u>     | <u>0</u>           | <u>143,521</u>                 |
| <b>Capital Assets Being Depreciated</b>                  |                                   |                    |                    |                                |
| Plant, System and Improvements                           | 4,468,973                         | 14,200             | 0                  | 4,483,173                      |
| Machinery and Equipment                                  | 11,786                            | 1,200              | 0                  | 12,986                         |
| <b>Total Capital Assets Being Depreciated</b>            | <u>4,480,759</u>                  | <u>15,400</u>      | <u>0</u>           | <u>4,496,159</u>               |
| Less Accumulated Depreciation:                           |                                   |                    |                    |                                |
| Plant, System and Improvements                           | (2,462,121)                       | (127,391)          | 0                  | (2,589,512)                    |
| Machinery and Equipment                                  | (11,786)                          | 0                  | 0                  | (11,786)                       |
| <b>Total Accumulated Depreciation</b>                    | <u>(2,473,907)</u>                | <u>(127,391)</u>   | <u>0</u>           | <u>(2,601,298)</u>             |
| <b>Total Capital Assets Being Depreciated, Net</b>       | <u>2,006,852</u>                  | <u>(15,390)</u>    | <u>0</u>           | <u>1,894,861</u>               |
| <b>Business-Type Activities Capital Assets, Net</b>      | <u>\$ 2,038,372</u>               | <u>\$ 10</u>       | <u>\$ 0</u>        | <u>\$ 2,038,382</u>            |

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

|                                   |                     |
|-----------------------------------|---------------------|
| <b>Governmental Activities:</b>   |                     |
| General Government                | \$ 90,883           |
| Public Safety                     | 286,826             |
| Physical Environment              | 3,598               |
| Transportation                    | 949,324             |
| Human Services                    | 10,679              |
| Culture and Recreation            | 113,436             |
| <b>Total Depreciation Expense</b> | <u>1,454,746</u>    |
| <b>Business-Type Activities:</b>  |                     |
| Water                             | 127,391             |
| <b>Total Depreciation Expense</b> | <u>\$ 1,582,137</u> |

**LIBERTY COUNTY, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**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, 2017:

|                                       | Balance<br>10/1/2016 | Additions           | Reductions       | Balance<br>9/30/2017 | Due Within<br>One Year |
|---------------------------------------|----------------------|---------------------|------------------|----------------------|------------------------|
| <b>Governmental Activities:</b>       |                      |                     |                  |                      |                        |
| Compensated Absences                  | \$ 269,764           | \$ 2,482            | \$ 19,687        | \$ 252,559           | \$ 63,140              |
| Notes Payable                         | 109,671              | 0                   | 3,720            | 105,951              | 4,000                  |
| Equipment Purchase Loan               | 0                    | 133,500             | 0                | 133,500              | 25,940                 |
| Lease Purchase Equipment              | 0                    | 134,646             | 4,588            | 130,058              | 29,575                 |
| Landfill Closure Costs                | 463,566              | 10,253              | 0                | 473,819              | 7,000                  |
| Other Postemployment Benefits         | 2,424,000            | 194,000             | 0                | 2,618,000            | 0                      |
| Net Pension Liability                 | 6,542,115            | 602,852             | 0                | 7,144,967            | 0                      |
| <b>Total Governmental Activities</b>  | <b>9,809,116</b>     | <b>1,077,733</b>    | <b>27,995</b>    | <b>10,858,854</b>    | <b>129,655</b>         |
| <b>Business-type Activities:</b>      |                      |                     |                  |                      |                        |
| Bonds Payable                         | 548,341              | 0                   | 15,000           | 533,341              | 15,000                 |
| <b>Total Business-type Activities</b> | <b>548,341</b>       | <b>0</b>            | <b>15,000</b>    | <b>533,341</b>       | <b>15,000</b>          |
| <b>Total Long-term Liabilities</b>    | <b>\$10,357,457</b>  | <b>\$ 1,077,733</b> | <b>\$ 42,995</b> | <b>\$11,392,195</b>  | <b>\$ 144,655</b>      |

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

**Governmental Activities**

**Notes Payable**

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

**Note Payable, USDA \$105,951**

**Equipment Loan Payable**

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

**Balance \$133,500**

**LIBERTY COUNTY, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**Note 7 - Long-Term Debt (continued)**

**Lease Purchase Agreement.**

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

**Balance \$125,011**

The County has several lease obligations for operating leases, primarily for office equipment and transportation equipment. The following table is the obligation by year:

| <u>Year</u>  | <u>Amount</u>     |
|--------------|-------------------|
| 2018         | \$ 35,017         |
| 2019         | 34,626            |
| 2020         | 31,055            |
| 2021         | 27,590            |
| 2022         | 1,770             |
| <b>Total</b> | <b>\$ 130,058</b> |

**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 \$534,000**

During the 2016-2017 fiscal year, interest expense for business-type activity debt totaled \$26,078, 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>  |
|--------------|-------------------|------------------|
| 2018         | \$ 59,693         | \$ 11,791        |
| 2019         | 61,607            | 10,697           |
| 2020         | 63,344            | 8,705            |
| 2021         | 63,995            | 7,829            |
| 2022         | 32,639            | 4,802            |
| 2023-2027    | 29,000            | 15,705           |
| 2028-2032    | 37,000            | 8,505            |
| 2033-2037    | 22,229            | 990              |
| <b>Total</b> | <b>\$ 369,507</b> | <b>\$ 69,026</b> |

**LIBERTY COUNTY, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**Note 7 - Long-Term Debt (concluded)**

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

| <u>Year</u>  | <u>Principal</u>  | <u>Interest</u>   |
|--------------|-------------------|-------------------|
| 2018         | \$ 16,000         | \$ 24,463         |
| 2019         | 16,000            | 23,703            |
| 2020         | 17,000            | 22,895            |
| 2021         | 17,000            | 22,088            |
| 2022         | 18,000            | 21,232            |
| 2023-2027    | 107,000           | 91,485            |
| 2028-2032    | 139,000           | 61,797            |
| 2033-2037    | 166,000           | 24,272            |
| 2038-2042    | 37,341            | 1,663             |
| <b>Total</b> | <b>\$ 533,341</b> | <b>\$ 293,598</b> |

**Note 8 - Other Disclosures**

The following fund had deficit fund equity balances at September 30, 2017, in the amount shown below:

|                                 |           |
|---------------------------------|-----------|
| <b>Other Governmental Funds</b> |           |
| Solid Waste                     | \$ 71,896 |

**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](http://www.dms.myflorida.com)).

**LIBERTY COUNTY, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**Note 9 – Employee Retirement Plan (continued)**

**FRS Pension Plan**

**Plan Description**

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

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

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

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

**Benefits Provided**

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

**LIBERTY COUNTY, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**Note 9 – Employee Retirement Plan (continued)**

| Class, Initial Enrollment, and<br>Retirement Age/Years of Service                | Percent<br>Value |
|--|------------------|
| <b><i>Regular Class Members Initially Enrolled Before July 1, 2011:</i></b>      |                  |
| 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             |
| <b><i>Regular Class Members Initially Enrolled on or After July 1, 2011:</i></b> |                  |
| 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             |
| <b><i>Elected County Officers</i></b>  | 3.00             |
| <b><i>Senior Management Service Class</i></b>                                    | 2.00             |
| <b><i>Special Risk Regular</i></b>   |                  |
| Service from December 1, 1970 through September 30, 1974                         | 2.00             |
| Service on and after October 1, 1974   | 3.00             |

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

**LIBERTY COUNTY, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**Note 9 – Employee Retirement Plan (continued)**

**Contributions**

The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates during the County's 2016-2017 fiscal year were as follows:

| Class  | Year Ended June 30, 2017 |             | Year Ended June 30, 2018 |          |
|--|--------------------------|-------------|--------------------------|----------|
|  | Percent of Gross Salary  |             | Percent of Gross Salary  |          |
|  | Employee                 | Employer(2) | Employee                 | Employer |
| FRS, Regular   | 3.00                     | 5.80        | 3.00                     | 6.20     |
| FRS, Elected County Officials                            | 3.00                     | 40.75       | 3.00                     | 43.78    |
| FRS, Senior Management Service                           | 3.00                     | 20.05       | 3.00                     | 20.99    |
| FRS, Special Risk Regular                                | 3.00                     | 20.85       | 3.00                     | 21.55    |
| DROP-Applicable to Members from All of the Above Classes | 0.00                     | 11.33       | 0.00                     | 11.60    |
| FRS, Reemployment Retiree                                | (1)                      | (1)         | (1)                      | (1)      |

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

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

The County's contributions (employer) to the FRS Plan totaled \$ 547,048 for the fiscal year ended September 30, 2017. This excludes the HIS defined benefit pension plan contributions.

**Pension Liabilities and Pension Expense**

At September 30, 2017, the County reported a liability of \$6,036,961 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017. The County's proportionate share of the net pension liability was based on the County's 2016-17 fiscal year contributions of all participating members. At June 30, 2017, the County's proportion was .0220409393%, which was a decrease of .000785499% from its proportion measured as of June 30, 2017.

For the year ended September 30, 2017, the County recognized pension expense of \$ 1,110,040 related to the Plan.



**LIBERTY COUNTY, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**Note 9 – Employee Retirement Plan (continued)**

**Actuarial Assumptions**

The total pension liability in the July 1, 2017 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 | 7.10% Net of Pension Plan Investment<br>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, 2017, valuation were based on the results of an actuarial experience study for the period July 1, 2008, through June 30, 2013.

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

| <b>Asset<br/>Class</b> | <b>Annual<br/>Target<br/>Allocation</b> | <b>Annual<br/>Arithmetic<br/>Return <sup>(1)</sup></b> | <b>Geometric<br/>Return</b> | <b>Standard<br/>Deviation</b> |
|------------------------|---|--|-----------------------------|-------------------------------|
| Cash                   | 1%                                      | 3.0%   | 3.0%                        | 1.8%                          |
| Fixed Income           | 18%                                     | 4.5%   | 4.4%                        | 4.2%                          |
| Global Equity          | 53%                                     | 7.8%   | 6.6%                        | 17.0%                         |
| Real Estate (Property) | 10%                                     | 6.6%   | 5.9%                        | 12.8%                         |
| Private Equity         | 6%                                      | 11.5%  | 7.8%                        | 30.0%                         |
| Strategic Investments  | 12%                                     | 6.1%   | 5.6%                        | 9.7%                          |
| <b>Total</b>           | <b>100%</b>                             |  |                             |                               |
|                        |   |  | 2.6%                        | 1.9%                          |

Assumed Inflation-Mean

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

**LIBERTY COUNTY, FLORIDA  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017**

**Note 9 – Employee Retirement Plan (continued)**

**Discount Rate**

The discount rate used to measure the total pension liability was 7.10%. 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 7.60% in the July 1, 2016 valuation.

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

The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 7.10%, 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 (6.10%) or 1-percentage-point higher (8.10%) than the current rate:

|  | <b>1%<br/>Decrease<br/>(6.10%)</b> | <b>Current<br/>Discount<br/>Rate<br/>(7.10%)</b> | <b>1%<br/>Increase<br/>(8.10%)</b> |
|--|------------------------------------|--|------------------------------------|
| County's Proportionate Share<br>of the Net Pension Liability | <u>\$10,926,536</u>                | <u>\$6,036,962</u>                               | <u>\$ 1,977,495</u>                |

**Pension Plan Fiduciary Net Position**

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

**HIS Pension Plan**

**Plan Description**

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

**Benefits Provided**

For the fiscal year ended September 30, 2017, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month, pursuant to Section 112.363, Florida Statutes, to be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

**LIBERTY COUNTY, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**Note 9 – Employee Retirement Plan (continued)**

**Contributions**

The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the Plan fiscal years ended June 30, 2017 and 2016, the contribution rates were 1.66% and 1.66% 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 \$ 54,616 for the fiscal year ended September 30, 2017.

**Pension Liabilities and Pension Expense**

At September 30, 2017, the County's reported a net pension liability of \$1,108,006 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017. The County's proportionate share of the net pension liability was based on the County's 2016-17 fiscal year contributions relative to the total 2016-17 fiscal year contributions of all participating members. At June 30, 2017, the County's proportionate share was .010362496%, which was an increase of .0001485292% from its proportionate share measured as of June 30, 2017.

For the fiscal year ended September 30, 2017, the County recognized pension expense of \$77,275 related to the HIS Plan.

**Actuarial Assumptions**

The total pension liability for the HIS Pension Plan was determined by an actuarial valuation as of July 1, 2016, and recalculated as of June 30, 2017, 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 | 2.85% New Pension Plan Investment<br>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, 2017, were based on certain results of an actuarial experience study of the FRS for the period July 1, 2008, through June 30, 2013.

**LIBERTY COUNTY, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**Note 9 – Employee Retirement Plan (continued)**

**Discount Rate**

The discount rate used to measure the total pension liability was 3.58%. 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 3.58%, 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 (2.58%) or 1-percentage-point higher (4.58%) than the current rate:

|  | <b>1%<br/>Decrease<br/>(2.58%)</b> | <b>Current<br/>Discount<br/>Rate<br/>(3.58%)</b> | <b>1%<br/>Increase<br/>(4.58%)</b> |
|--|------------------------------------|--|------------------------------------|
| County's Proportionate Share<br>of Net Pension Liability | <u>\$ 1,264,381</u>                | <u>\$ 1,108,006</u>                              | <u>\$ 977,754</u>                  |

**Pension Plan Fiduciary Net Position**

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

**Net Pension Liability**

|                       | <b>FRS</b>         | <b>HIS</b>         | <b>Total</b>       |
|-----------------------|--------------------|--------------------|--------------------|
| Net Pension Liability | <u>\$6,036,961</u> | <u>\$1,108,006</u> | <u>\$7,144,967</u> |

**LIBERTY COUNTY, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**Note 9 – Employee Retirement Plan (continued)**

**Deferred Outflows of Resources**

|                                      | <u>FRS</u>                | <u>HIS</u>              | <u>Total</u>              |
|--------------------------------------|---------------------------|-------------------------|---------------------------|
| Employer Contributions After         |                           |                         |                           |
| Measurement Date                     | \$146,411                 | \$14,013                | \$160,424                 |
| Difference Between Expected and      |                           |                         |                           |
| Actual Experience                    | 554,048                   | 0                       | 554,048                   |
| Changes in Assumptions               | 2,028,845                 | 155,748                 | 2,184,593                 |
| Changes in Proportion                | 628,209                   | 89,861                  | 718,070                   |
| Net Difference Between Projected     |                           |                         |                           |
| and Actual Earnings on Investments   | <u>0</u>                  | <u>614</u>              | <u>614</u>                |
| Total Deferred Outflows of Resources | <u><u>\$3,357,513</u></u> | <u><u>\$260,236</u></u> | <u><u>\$3,617,749</u></u> |

**Deferred Inflows of Resources**

|                                     | <u>FRS</u>              | <u>HIS</u>              | <u>Total</u>            |
|-------------------------------------|-------------------------|-------------------------|-------------------------|
| Difference Between Expected and     |                         |                         |                         |
| Actual Experience                   | \$33,442                | \$2,307                 | \$35,749                |
| Changes in Assumptions              | 0                       | 95,810                  | 95,810                  |
| Changes in Proportion               | 420,078                 | 112,943                 | 533,021                 |
| Investments                         | <u>149,613</u>          | <u>0</u>                | <u>149,613</u>          |
| Total Deferred Inflows of Resources | <u><u>\$603,133</u></u> | <u><u>\$211,060</u></u> | <u><u>\$814,193</u></u> |

Deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date totaling \$160,424, will be recognized as a reduction of the net pension liability in the year ending September 30, 2017. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Fiscal<br>Year |                           |                        |                           |
|----------------|---------------------------|------------------------|---------------------------|
| Ending         | <u>FRS</u>                | <u>HIS</u>             | <u>Total</u>              |
| 2018           | \$417,789                 | \$11,156               | \$428,945                 |
| 2019           | 937,119                   | 11,040                 | 948,159                   |
| 2020           | 612,180                   | 10,984                 | 623,164                   |
| 2021           | 111,110                   | 5,854                  | 116,964                   |
| 2022           | 386,723                   | 8,430                  | 395,153                   |
| Thereafter     | <u>143,049</u>            | <u>(12,302)</u>        | <u>130,747</u>            |
|                | <u><u>\$2,607,970</u></u> | <u><u>\$35,162</u></u> | <u><u>\$2,643,132</u></u> |

**LIBERTY COUNTY, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**Note 9 – Employee Retirement Plan (continued)**

**Pension Expense**

For the year ended September 30, 2017, the County recognized pension expense from the defined benefit pension plans as follows:

|                               | FRS                 | HIS              | Total               |
|-------------------------------|---------------------|------------------|---------------------|
| Board of County Commissioners | \$ 326,676          | \$ 29,046        | \$ 355,722          |
| Clerk of the Circuit Court    | 158,029             | 11,444           | \$ 169,473          |
| Sheriff                       | 286,745             | 25,323           | \$ 312,068          |
| Tax Collector                 | 134,142             | 4,133            | \$ 138,275          |
| Property Appraiser            | 91,826              | 3,236            | \$ 95,062           |
| Supervisor of Elections       | 112,622             | 4,093            | \$ 116,715          |
| Total Pension Expense         | <u>\$ 1,110,040</u> | <u>\$ 77,275</u> | <u>\$ 1,187,315</u> |

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

- FRS – In the July 1, 2017 actuarial valuation, the discount rate used to determine total pension liability decreased from 7.60% to 7.10%.
- HIS - In the July 1, 2017 actuarial valuation, the discount rate used to determine total pension liability increased from 2.85% to 3.58%.

**FRS-Defined Contribution Pension Plan**

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

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

**LIBERTY COUNTY, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**Note 9 – Employee Retirement Plan (concluded)**

Allocations to the investment member's accounts during the 2016-15 fiscal year were as follows:

| <u>Class</u>                   | <u>Percent<br/>of Gross<br/>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, 2017, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the County.

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

**LIBERTY COUNTY, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**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 for single coverage after age 65, \$300 for spousal coverage prior to age 65, and \$158 for spousal coverage after 65.

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, 2016 through May 31, 2017 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.



**LIBERTY COUNTY, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

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

**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.

**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.

| <b>Description</b>                                   |                     |
|--|---------------------|
| Normal cost (service cost for one year)              | \$ 201,000          |
| Amortization of unfunded actuarial accrued liability | 15,000              |
| Amortization of Net OPEB Obligation                  | 210,000             |
| Annual required contribution                         | 426,000             |
| Interest on net OPEB obligation                      | 97,000              |
| Adjustment to annual required contribution           | (210,000)           |
| Annual OPEB cost (expense)                           | 313,000             |
| Contribution toward the OPEB cost                    | (117,000)           |
| Interest On Employer Contributions                   | (2,000)             |
| Increase in net OPEB obligation                      | 194,000             |
| Net OPEB obligation, beginning of year               | 2,424,000           |
| Net OPEB obligation, end of year                     | <u>\$ 2,618,000</u> |

**LIBERTY COUNTY, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**Note 10 – Other Post-Employment Benefits (OPEB) (concluded)**

**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, 2017. 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.

**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.

**LIBERTY COUNTY, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**Note 12 - Landfill Closure and Post Closure Costs**

The County has obtained engineering estimates of future costs to monitor its sanitary landfill site in accordance with state and federal guidelines. U.S. Environmental Protection Agency regulations and related GASB Statement No. 18 require that all municipal solid waste landfill owners account for closure and post closure costs. State and federal laws and regulations require the County to place a final cover on its landfill when closed and to perform certain maintenance and monitoring functions at the landfill site for 30 years after closure. The landfills capacity was estimated at 100% as of September 30, 2017. 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, 2017, the County did not incur any closure costs that were reimbursed out of the landfill management escrow accounts. The County received a new cost estimate from their engineering firm for the landfill closure and monitoring liability as of October 12, 2016. The accrued cost for closure and post closure care as of September 30, 2017, is \$463,566.

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 12, 2016. Actual costs may vary due to inflation, changes in technology, or changes in laws and regulations. The County is required by state and federal laws and regulations to establish escrow accounts for closure and post closure costs of the landfill. The County is required to have the estimated cost of closure (\$218,637) and one year monitoring of \$8,164, for a total requirement of \$226,801. The County has complied with these requirements by depositing \$320,162 into restricted landfill management escrow accounts.

**Note 13 - Commitments and Contingencies**

**Pending Litigation**

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

**Commitments**

The County has several outstanding contract obligations at year end. They are all related to capital improvement type construction contracts for paving and water systems improvements. All are related to capital outlay grants. The total obligations were \$2,168,000.

**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, 2017, 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.

**LIBERTY COUNTY, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**Note 12 - Landfill Closure and Post Closure Costs**

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## **REQUIRED SUPPLEMENTAL INFORMATION**

**LIBERTY COUNTY, FLORIDA**  
**FLORIDA RETIREMENT SYSTEM PENSION PLAN**  
**SCHEDULE OF THE COUNTY'S PROPRTIONATE SHARE OF THE NET PENSION LIABILITY**  
**SEPTEMBER 30, 2017**

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

**Notes to Schedule:**

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

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

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

**LIBERTY COUNTY, FLORIDA  
FLORIDA RETIREMENT SYSTEM PENSION PLAN  
SCHEDULE OF COUNTY CONTRIBUTIONS  
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

|   | <u>September 30, 2017</u> | <u>September 30, 2016</u> | <u>September 30, 2015</u> |
|---|---------------------------|---------------------------|---------------------------|
| Contractually Required Contributions                                    | \$ 547,048                | \$ 523,928                | \$ 505,107                |
| Contributions in Relation to the Contractually<br>Required Contribution | (547,048)                 | (523,928)                 | (505,107)                 |
| Contribution Deficiency (Excess)  | <u>\$ 0</u>               | <u>\$ 0</u>               | <u>\$ 0</u>               |
| County's Covered-Employee Payroll                                       | \$ 3,285,923              | \$ 1,822,785              | \$ 3,158,276              |
| <b>Contributions as a Percentage of<br/>Covered-Employee Payroll</b>    | 16.65%                    | 28.74%                    | 15.99%                    |

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

**LIBERTY COUNTY, FLORIDA**  
**HEALTH INSURANCE SUBSIDY PENSION PLAN**  
**SCHEDULE OF THE COUNTY'S PROPORTIONATE SHARE OF THE PENSION LIABILITY**  
**SEPTEMBER 30, 2017**

|   | <u>September 30, 2017</u> | <u>September 30, 2016</u> | <u>September 30, 2015</u> |
|---|---------------------------|---------------------------|---------------------------|
| County's Proportion of the Net Pension Liability  | 0.10362500%               | 0.010213904%              | 0.009714630%              |
| County's Proportionate Share of the Net Pension Liability   | \$ 1,108,006              | \$ 1,190,388              | \$ 1,016,932              |
| County's Covered-Employee Payroll (FYE 9/30)  | \$ 3,285,923              | \$ 1,822,785              | \$ 3,158,276              |
| County's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll | 34%                       | 65.31%                    | 32.20%                    |
| <b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>                         | <b>1.64%</b>              | <b>0.97%</b>              | <b>0.50%</b>              |

Notes to Schedule:

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

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

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



**LIBERTY COUNTY, FLORIDA  
HEALTH INSURANCE SUBSIDY PENSION PLAN  
SCHEDULE OF THE COUNTY'S CONTRIBUTIONS  
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

|   | <u>September 30, 2017</u> | <u>September 30, 2016</u> | <u>September 30, 2015</u> |
|---|---------------------------|---------------------------|---------------------------|
| Contractually Required Contributions                                    | \$ 54,616                 | \$ 54,406                 | \$ 41,021                 |
| Contributions in Relation to the Contractually<br>Required Contribution | (54,616)                  | (54,406)                  | (41,021)                  |
| Contribution Deficiency (Excess)  | <u>\$ 0</u>               | <u>\$ 0</u>               | <u>\$ 0</u>               |
| County's Covered-Employee Payroll                                       | \$ 3,285,923              | \$ 1,822,785              | \$ 3,158,276              |
| <b>Contributions as a Percentage of<br/>Covered-Employee Payroll</b>    | 1.66%                     | 2.98%                     | 1.30%                     |

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

**LIBERTY COUNTY, FLORIDA  
OTHER POSTEMPLOYMENT BENEFITS PLAN  
SCHEDULE OF EMPLOYER CONTRIBUTIONS /  
SCHEDULE OF FUNDING PROGRESS  
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

**Schedule of Employer Contributions**

| <b>Year<br/>Ended<br/>September<br/>30,</b> | <b>ARC</b> | <b>%<br/>Contributed</b> | <b>Annual OPEB<br/>Cost</b> | <b>%<br/>Contributed</b> |
|---|------------|--------------------------|-----------------------------|--------------------------|
| 2015  | \$ 461,000 | 20.0%                    | \$ 369,000                  | 25.0%                    |
| 2016  | 411,000    | 29.0%                    | 307,000                     | 39.0%                    |
| 2017  | \$ 426,000 | 28.0%                    | \$ 313,000                  | 38.0%                    |

**Schedule of Funding Progress**

| <b>Actuarial<br/>Valuation<br/>Date</b> | <b>Actuarial<br/>Value of<br/>Assets</b> | <b>Actuarial<br/>Accrued<br/>Liability<br/>(AAL)</b> | <b>Unfunded<br/>Actuarial<br/>(UAAL)</b> | <b>Funded<br/>Ratio</b> | <b>Covered<br/>Payroll</b> | <b>UAAL As a<br/>Percentage<br/>of Covered<br/>Payroll</b> |
|---|--|--|--|-------------------------|----------------------------|--|
| 01/01/2014                              | \$ -                                     | \$2,683,000  | \$ 2,683,000                             | 0.0%                    | N/A                        | N/A  |
| 06/01/2014                              | -  | 2,399,000  | 2,399,000                                | 0.0%                    | N/A                        | N/A  |
| 10/01/2017                              | -  | \$2,503,000  | \$ 2,503,000                             | 0.0%                    | N/A                        | N/A  |

**Actuarial Methods and Assumptions**

|                              |  |
|------------------------------|--|
| <i>Valuation date</i>        | October 1, 2016                                      |
| <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) |

**Healthcare cost trend rate(s)**

|                      |   |
|----------------------|---|
| <i>Select rates</i>  | 8.00% for 2016-17 graded to 5.50% for 2021-22 |
| <i>Ultimate rate</i> | 5.00% per annum                               |

## **ACCOMPANYING INFORMATION**

**LIBERTY COUNTY, FLORIDA  
COMBINING BALANCE SHEET  
ALL NONMAJOR GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2017**

| <u>Special Revenue</u>                                  |   | <u>Capital Projects</u>             |  |  |
|---|---|-------------------------------------|--|--|
| <u>Clerk of the<br/>Circuit Court<br/>Child Support</u> | <u>Clerk of the<br/>Circuit Court<br/>Modernization</u> | <u>County<br/>Transportation II</u> | <u>Total<br/>Nonmajor<br/>Governmental<br/>Funds</u> |  |
| \$ 123,239  | \$ 22,165   | \$ 0                                | \$ 932,261   |  |
| 0   | 0   | 793,831                             | 846,089  |  |
| 0   | 0   | 0                                   | 153,643  |  |
| 0   | 0   | 0                                   | 0  |  |
| 0   | 0   | 0                                   | 961,844  |  |
| 6,428   | 0   | 0                                   | 284,637  |  |
| 0   | 0   | 0                                   | 0  |  |
| <u>129,667</u>  | <u>22,165</u>   | <u>793,831</u>                      | <u>3,178,474</u>                                     |  |
|   |   |                                     |  |  |
| 2,514   | 0   | 0                                   | 83,409   |  |
| 0   | 0   | 0                                   | 0  |  |
| 0   | 0   | 0                                   | 102,907  |  |
| 0   | 0   | 0                                   | 0  |  |
| 0   | 0   | 0                                   | 567,915  |  |
| <u>2,514</u>  | <u>0</u>  | <u>0</u>                            | <u>754,231</u>                                       |  |
|   |   |                                     |  |  |
| 0   | 0   | 0                                   | 27,390   |  |
|   |   |                                     |  |  |
| 127,153   | 22,165  | 793,831                             | 2,340,024  |  |
| 0   | 0   | 0                                   | 0  |  |
| 0   | 0   | 0                                   | 0  |  |
| 0   | 0   | 0                                   | 56,829   |  |
| <u>127,153</u>  | <u>22,165</u>   | <u>793,831</u>                      | <u>2,396,853</u>                                     |  |
|   |   |                                     |  |  |
| <u>\$ 129,667</u>                                       | <u>\$ 22,165</u>  | <u>\$ 793,831</u>                   | <u>\$ 3,178,475</u>                                  |  |

**LIBERTY COUNTY, FLORIDA**  
**COMBINING BALANCE SHEET**  
**ALL NONMAJOR GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2016**

|  | <b>Special Revenue</b> |                      |                   |                          |
|--|------------------------|----------------------|-------------------|--------------------------|
|  | <b>Ambulance</b>       | <b>SHIP<br/>Fund</b> | <b>Landfill</b>   | <b>Voted<br/>Gas Tax</b> |
| <b>Assets</b>                                  |                        |                      |                   |                          |
| Cash   | \$ 0                   | \$ 473,720           | \$ 290,930        | \$ 0                     |
| Investments                                    | 0                      | 0                    | 52,258            | 0                        |
| Reveivables (Net)                              | 84,968                 | 0                    | 0                 | 0                        |
| Prepaid Items                                  | 0                      | 0                    | 0                 | 0                        |
| Due from Other Funds                           | 129,994                | 0                    | 0                 | 299,930                  |
| Due from Other Governments                     | 0                      | 0                    | 12,950            | 57,536                   |
| Due from Individuals                           | 0                      | 0                    | 0                 | 0                        |
| <b>Total Assets</b>                            | <u>214,962</u>         | <u>473,720</u>       | <u>356,139</u>    | <u>357,466</u>           |
| <b>Liabilities and Fund Balances</b>           |                        |                      |                   |                          |
| <b>Liabilities</b>                             |                        |                      |                   |                          |
| Accounts Payable and Accrued Expenses          | 1,496                  | 0                    | 7,486             | 0                        |
| Due to Individuals                             | 0                      | 0                    | 0                 | 0                        |
| Due to Other Funds                             | 0                      | 0                    | 40,942            | 0                        |
| Due to Other Governments                       | 0                      | 0                    | 0                 | 0                        |
| Deferred Revenues                              | 49,267                 | 473,720              | 0                 | 0                        |
| <b>Total Liabilities</b>                       | <u>50,763</u>          | <u>473,720</u>       | <u>48,429</u>     | <u>0</u>                 |
| <b>Deferred Inflows of Resources</b>           |                        |                      |                   |                          |
| Unavailable Revenues                           | 0                      | 0                    | 0                 | 27,390                   |
| <b>Fund Balances</b>                           |                        |                      |                   |                          |
| Nonspendable                                   | 0                      | 0                    | 0                 | 0                        |
| Restricted                                     | 0                      | 0                    | 343,188           | 330,075                  |
| Committed                                      | 0                      | 0                    | 0                 | 0                        |
| Assigned                                       | 0                      | 0                    | 0                 | 0                        |
| Unassigned                                     | 164,199                | 0                    | (35,479)          | 0                        |
| <b>Total Fund Balances</b>                     | <u>164,199</u>         | <u>0</u>             | <u>307,710</u>    | <u>330,075</u>           |
| <b>Total Liabilities and Fund<br/>Balances</b> | <u>\$ 214,962</u>      | <u>\$ 473,720</u>    | <u>\$ 356,139</u> | <u>\$ 357,466</u>        |

**LIBERTY COUNTY, FLORIDA  
COMBINING BALANCE SHEET  
ALL NONMAJOR GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2017**

**Special Revenue**

| <b>Liberty<br/>Transit</b> | <b>Weatherization<br/>Program</b> | <b>Public<br/>Safety 911</b> | <b>Solid<br/>Waste</b> | <b>Police<br/>Training</b> |
|----------------------------|-----------------------------------|------------------------------|------------------------|----------------------------|
| \$ 0                       | \$ 4                              | \$ 0                         | \$ 0                   | \$ 0                       |
| 0                          | 0                                 | 0                            | 0                      | 0                          |
| 31,809                     | 0                                 | 0                            | 35,846                 | 0                          |
| 0                          | 0                                 | 0                            | 0                      | 0                          |
| 333,015                    | 0                                 | 160,166                      | 0                      | 12,217                     |
| 118,308                    | 0                                 | 48,983                       | 0                      | 301                        |
| 0                          | 0                                 | 0                            | 0                      | 0                          |
| <u>483,132</u>             | <u>4</u>                          | <u>209,149</u>               | <u>35,846</u>          | <u>12,518</u>              |
| 1,857                      | 0                                 | 23,884                       | 45,777                 | 0                          |
| 0                          | 0                                 | 0                            | 0                      | 0                          |
| 0                          | 0                                 | 0                            | 61,965                 | 0                          |
| 0                          | 0                                 | 0                            | 0                      | 0                          |
| 0                          | 0                                 | 0                            | 0                      | 0                          |
| <u>1,857</u>               | <u>0</u>                          | <u>23,884</u>                | <u>107,742</u>         | <u>0</u>                   |
| <u>0</u>                   | <u>0</u>                          | <u>0</u>                     | <u>0</u>               | <u>0</u>                   |
| 0                          | 0                                 | 0                            | 0                      | 0                          |
| 481,275                    | 0                                 | 185,265                      | 0                      | 12,518                     |
| 0                          | 0                                 | 0                            | 0                      | 0                          |
| 0                          | 0                                 | 0                            | 0                      | 0                          |
| 0                          | 5                                 | 0                            | (71,896)               | 0                          |
| <u>481,275</u>             | <u>5</u>                          | <u>185,265</u>               | <u>(71,896)</u>        | <u>12,518</u>              |
| <u>\$ 483,132</u>          | <u>\$ 5</u>                       | <u>\$ 209,149</u>            | <u>\$ 35,846</u>       | <u>\$ 12,518</u>           |

**LIBERTY COUNTY, FLORIDA**  
**COMBINING BALANCE SHEET**  
**ALL NONMAJOR GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2017**

|  | <b>Special Revenue</b>               |  |   |
|--|--------------------------------------|--|---|
|  | <b>Law<br/>Enforcement<br/>Trust</b> | <b>Sheriff<br/>Special<br/>Revenue</b> | <b>Clerk of the<br/>Circuit Court<br/>Court Related</b> |
| <b>Assets</b>                                  |                                      |  |   |
| Cash   | \$ 0                                 | \$ 17,011                              | \$ 5,191  |
| Investments                                    | 0                                    | 0                                      | 0   |
| Reveivables (Net)                              | 1,020                                | 0                                      | 0   |
| Prepaid Items                                  | 0                                    | 0                                      | 0   |
| Due from Other Funds                           | 7,011                                | 19,511                                 | 0   |
| Due from Other Governments                     | 0                                    | 0                                      | 40,131  |
| Due from Individuals                           | 0                                    | 0                                      | 0   |
| <b>Total Assets</b>                            | <b>8,031</b>                         | <b>36,522</b>                          | <b>45,322</b>   |
| <b>Liabilities and Fund Balances</b>           |                                      |  |   |
| <b>Liabilities</b>                             |                                      |  |   |
| Accounts Payable and Accrued Expenses          | 0                                    | 0                                      | 394   |
| Due to Individuals                             | 0                                    | 0                                      | 0   |
| Due to Other Funds                             | 0                                    | 0                                      | 0   |
| Due to Other Governments                       | 0                                    | 0                                      | 0   |
| Deferred Revenues                              | 0                                    | 0                                      | 44,928  |
| <b>Total Liabilities</b>                       | <b>0</b>                             | <b>0</b>                               | <b>45,322</b>   |
| <b>Deferred Inflows of Resources</b>           |                                      |  |   |
| Unavailable Revenues                           | 0                                    | 0                                      | 0   |
| <b>Fund Balances</b>                           |                                      |  |   |
| Nonspendable                                   |                                      |  |   |
| Restricted                                     | 8,031                                | 36,522                                 | 0   |
| Committed                                      | 0                                    | 0                                      | 0   |
| Assigned                                       | 0                                    | 0                                      | 0   |
| Unassigned                                     | 0                                    | 0                                      | 0   |
| <b>Total Fund Balances</b>                     | <b>8,031</b>                         | <b>36,522</b>                          | <b>0</b>  |
| <b>Total Liabilities and Fund<br/>Balances</b> | <b>\$ 8,031</b>                      | <b>\$ 36,522</b>                       | <b>\$ 45,322</b>  |

**LIBERTY COUNTY, FLORIDA  
COMBINING BALANCE SHEET  
ALL NONMAJOR GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2017**

| <u>Special Revenue</u>                                  |   | <u>Capital Projects</u>             |  |
|---|---|-------------------------------------|--|
| <u>Clerk of the<br/>Circuit Court<br/>Child Support</u> | <u>Clerk of the<br/>Circuit Court<br/>Modernization</u> | <u>County<br/>Transportation II</u> | <u>Total<br/>Nonmajor<br/>Governmental<br/>Funds</u> |
| \$ 123,239  | \$ 22,165   | \$ 0                                | \$ 932,261   |
| 0   | 0   | 793,831                             | 846,089  |
| 0   | 0   | 0                                   | 153,643  |
| 0   | 0   | 0                                   | 0  |
| 0   | 0   | 0                                   | 961,844  |
| 6,428   | 0   | 0                                   | 284,637  |
| 0   | 0   | 0                                   | 0  |
| <u>129,667</u>  | <u>22,165</u>   | <u>793,831</u>                      | <u>3,178,474</u>                                     |
| 2,514   | 0   | 0                                   | 83,409   |
| 0   | 0   | 0                                   | 0  |
| 0   | 0   | 0                                   | 102,907  |
| 0   | 0   | 0                                   | 0  |
| 0   | 0   | 0                                   | 567,915  |
| <u>2,514</u>  | <u>0</u>  | <u>0</u>                            | <u>754,231</u>                                       |
| 0   | 0   | 0                                   | 27,390   |
| 127,153   | 22,166  | 793,831                             | 2,340,025  |
| 0   | 0   | 0                                   | 0  |
| 0   | 0   | 0                                   | 0  |
| 0   | 0   | 0                                   | 56,829   |
| <u>127,153</u>  | <u>22,166</u>   | <u>793,831</u>                      | <u>2,396,854</u>                                     |
| <u>\$ 129,667</u>                                       | <u>\$ 22,166</u>  | <u>\$ 793,831</u>                   | <u>\$ 3,178,474</u>                                  |



**LIBERTY COUNTY, FLORIDA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2017**

|  | <u>Special Revenue</u> |                  |                   |                      |
|--|------------------------|------------------|-------------------|----------------------|
|  | <u>Ambulance</u>       | <u>SHIP Fund</u> | <u>Landfill</u>   | <u>Voted Gas Tax</u> |
| <b>Revenues</b>                                |                        |                  |                   |                      |
| Taxes  | \$ 0                   | \$ 0             | \$ 0              | \$ 0                 |
| Licenses and Permits                           | 0                      | 0                | 0                 | 0                    |
| Intergovernmental                              | 2,162                  | 355,564          | 90,909            | 323,048              |
| Charges for Services                           | 217,867                | 0                | 22,534            | 0                    |
| Fines and Forfeitures                          | 0                      | 0                | 0                 | 0                    |
| Miscellaneous                                  | 5,000                  | 16,560           | 7,141             | 0                    |
| <b>Total Revenues</b>                          | <u>225,029</u>         | <u>372,124</u>   | <u>120,585</u>    | <u>323,048</u>       |
| <b>Expenditures</b>                            |                        |                  |                   |                      |
| Current:                                       |                        |                  |                   |                      |
| General Government                             | 0                      | 0                | 0                 | 0                    |
| Public Safety                                  | 433,550                | 0                | 0                 | 0                    |
| Physical Environment                           | 0                      | 372,124          | 138,069           | 0                    |
| Transportation                                 | 0                      | 0                | 0                 | 0                    |
| Economic Environment                           | 0                      | 0                | 0                 | 0                    |
| Court-related                                  | 0                      | 0                | 0                 | 0                    |
| Culture and Recreation                         | 0                      | 0                | 0                 | 0                    |
| Debt Service:                                  |                        |                  |                   |                      |
| Principal Payments                             | 0                      | 0                | 0                 | 0                    |
| Interest                                       | 0                      | 0                | 0                 | 0                    |
| Capital Outlay                                 | 0                      | 0                | 133,500           | 0                    |
| <b>(Total Expenditures)</b>                    | <u>(433,550)</u>       | <u>(372,124)</u> | <u>(271,569)</u>  | <u>0</u>             |
| <b>(Deficiency) Excess of Revenues (Under)</b> |                        |                  |                   |                      |
| <b>Over Expenditures</b>                       | <u>(208,521)</u>       | <u>0</u>         | <u>(150,984)</u>  | <u>323,048</u>       |
| <b>Other Financing Sources (Uses)</b>          |                        |                  |                   |                      |
| Operating Transfers in                         | 231,580                | 0                | 3,492             | 0                    |
| Operating Transfers (out)                      | 0                      | 0                | 0                 | (312,963)            |
| Issuance of Debt                               | 0                      | 0                | 133,500           | 0                    |
| <b>Total Other Financing Sources (Uses)</b>    | <u>231,580</u>         | <u>0</u>         | <u>136,992</u>    | <u>(312,963)</u>     |
| <b>Net Change in Fund Balances</b>             | 23,059                 | 0                | (13,992)          | 10,085               |
| <b>Fund Balances, Beginning of Year</b>        | 141,141                | 0                | 321,702           | 319,990              |
| <b>Fund Balances, End of Year</b>              | <u>\$ 164,199</u>      | <u>\$ 0</u>      | <u>\$ 307,710</u> | <u>\$ 330,075</u>    |

**LIBERTY COUNTY, FLORIDA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2017**

| Special Revenue    |                           |                      |                    |                    |
|--------------------|---------------------------|----------------------|--------------------|--------------------|
| Liberty<br>Transit | Weatherization<br>Program | Public Safety<br>911 | Solid<br>Waste     | Police<br>Training |
| \$ 0               | \$ 0                      | \$ 0                 | \$ 0               | \$ 0               |
| 0                  | 0                         | 0                    | 0                  | 0                  |
| 324,912            | 0                         | 417,099              | 0                  | 0                  |
| 203,954            | 0                         | 0                    | 424,891            | 0                  |
| 0                  | 0                         | 0                    | 0                  | 1,633              |
| 5,755              | 0                         | 0                    | 1,418              | 0                  |
| <u>534,621</u>     | <u>0</u>                  | <u>417,099</u>       | <u>426,309</u>     | <u>1,633</u>       |
| 0                  | 0                         | 0                    | 0                  | 0                  |
| 0                  | 0                         | 155,944              | 0                  | 0                  |
| 0                  | 180                       | 0                    | 390,579            | 0                  |
| 389,660            | 0                         | 0                    | 0                  | 0                  |
| 0                  | 0                         | 0                    | 0                  | 0                  |
| 0                  | 0                         | 0                    | 0                  | 0                  |
| 0                  | 0                         | 0                    | 0                  | 0                  |
| 0                  | 0                         | 0                    | 0                  | 0                  |
| 0                  | 0                         | 0                    | 0                  | 0                  |
| 0                  | 0                         | 0                    | 0                  | 0                  |
| 0                  | 0                         | 0                    | 0                  | 0                  |
| 74,787             | 0                         | 232,506              | 0                  | 0                  |
| <u>(464,447)</u>   | <u>(180)</u>              | <u>(388,449)</u>     | <u>(390,579)</u>   | <u>0</u>           |
| 70,174             | (180)                     | 28,650               | 35,729             | 1,633              |
| 62,622             | 0                         | 10,000               | 13,070             | 0                  |
| 0                  | 0                         | 0                    | (16,855)           | 0                  |
| 0                  | 0                         | 0                    | 0                  | 0                  |
| <u>62,622</u>      | <u>0</u>                  | <u>10,000</u>        | <u>(3,786)</u>     | <u>0</u>           |
| 132,796            | (180)                     | 38,650               | 31,944             | 1,633              |
| 348,479            | 185                       | 146,615              | (103,840)          | 10,885             |
| <u>\$ 481,275</u>  | <u>\$ 5</u>               | <u>\$ 185,265</u>    | <u>\$ (71,896)</u> | <u>\$ 12,518</u>   |

**LIBERTY COUNTY, FLORIDA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2017**

|  | <b>Special Revenue</b>               |  |   |   |
|--|--------------------------------------|--|---|---|
|  | <b>Law<br/>Enforcement<br/>Trust</b> | <b>Sheriff<br/>Special<br/>Revenue</b> | <b>Clerk of the<br/>Circuit Court<br/>Court Related</b> | <b>Clerk of the<br/>Circuit Court<br/>Child Support</b> |
| <b>Revenues</b>                                |                                      |  |   |   |
| Taxes  | \$ 0                                 | \$ 0                                   | \$ 0  | \$ 0  |
| Licenses and Permits                           | 0                                    | 0                                      | 0   | 0   |
| Intergovernmental                              | 0                                    | 0                                      | 178,832   | 42,051  |
| Charges for Services                           | 0                                    | 0                                      | 0   | 0   |
| Fines and Forfeitures                          | 260                                  | 0                                      | 123,162   | 0   |
| Miscellaneous                                  | 0                                    | 83,565                                 | 55  | 0   |
| <b>Total Revenues</b>                          | <u>260</u>                           | <u>83,565</u>                          | <u>302,050</u>  | <u>42,051</u>   |
| <b>Expenditures</b>                            |                                      |  |   |   |
| Current:                                       |                                      |  |   |   |
| General Government                             | 0                                    | 0                                      | 0   | 32,451  |
| Public Safety                                  | 0                                    | 59,954                                 | 0   | 0   |
| Physical Environment                           | 0                                    | 0                                      | 0   | 0   |
| Transportation                                 | 0                                    | 0                                      | 0   | 0   |
| Economic Environment                           | 0                                    | 0                                      | 0   | 0   |
| Court-related                                  | 0                                    | 0                                      | 313,940   | 0   |
| Culture and Recreation                         | 0                                    | 0                                      | 0   | 0   |
| Debt Service:                                  |                                      |  |   |   |
| Principal Payments                             | 0                                    | 0                                      | 0   | 0   |
| Interest                                       | 0                                    | 0                                      | 0   | 0   |
| Capital Outlay                                 | 0                                    | 0                                      | 0   | 0   |
| <b>(Total Expenditures)</b>                    | <u>0</u>                             | <u>(59,954)</u>                        | <u>(313,940)</u>  | <u>(32,451)</u>   |
| <b>(Deficiency) Excess of Revenues (Under)</b> |                                      |  |   |   |
| <b>Over Expenditures</b>                       | <u>260</u>                           | <u>23,611</u>                          | <u>(11,891)</u>   | <u>9,600</u>  |
| <b>Other Financing Sources (Uses)</b>          |                                      |  |   |   |
| Operating Transfers in                         | 0                                    | 0                                      | 0   | 0   |
| Operating Transfers (out)                      | 0                                    | 0                                      | 0   | 0   |
| Issuance of Debt                               | 0                                    | 0                                      | 0   | 0   |
| <b>Total Other Financing Sources (Uses)</b>    | <u>0</u>                             | <u>0</u>                               | <u>0</u>  | <u>0</u>  |
| <b>Net Change in Fund Balances</b>             | <u>260</u>                           | <u>23,611</u>                          | <u>(11,891)</u>   | <u>9,600</u>  |
| <b>Fund Balances, Beginning of Year</b>        | <u>7,771</u>                         | <u>12,911</u>                          | <u>11,891</u>   | <u>117,553</u>  |
| <b>Fund Balances, End of Year</b>              | <u>\$ 8,031</u>                      | <u>\$ 36,522</u>                       | <u>\$ 0</u>   | <u>\$ 127,153</u>                                       |

**LIBERTY COUNTY, FLORIDA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2017**

| <u>Special Revenue</u>                                  | <u>Capital Projects</u>             |  |
|---|-------------------------------------|--|
| <u>Clerk of the<br/>Circuit Court<br/>Modernization</u> | <u>County<br/>Transportation II</u> | <u>Total<br/>Nonmajor<br/>Governmental<br/>Funds</u> |
| \$ 0  | \$ 0                                | \$ 0   |
| 0   | 0                                   | 0  |
| 0   | 0                                   | 1,734,577  |
| 14,552  | 0                                   | 883,798  |
| 0   | 0                                   | 125,055  |
| 0   | 7,209                               | 126,704  |
| <u>14,552</u>   | <u>7,209</u>                        | <u>2,870,133</u>                                     |
| 12,925  | 0                                   | 45,376   |
| 0   | 0                                   | 649,448  |
| 0   | 0                                   | 900,952  |
| 0   | 0                                   | 389,660  |
| 0   | 0                                   | 0  |
| 0   | 0                                   | 313,940  |
| 0   | 0                                   | 0  |
|   | 0                                   | 0  |
| 0   | 0                                   | 0  |
| 0   | 0                                   | 440,793  |
| <u>(12,925)</u>   | <u>0</u>                            | <u>(2,740,169)</u>                                   |
| <u>1,627</u>  | <u>7,209</u>                        | <u>129,965</u>                                       |
|   |                                     | 0  |
| 0   | 0                                   | 320,764  |
| 0   | 0                                   | (329,818)  |
| 0   | 0                                   | 133,500  |
| <u>0</u>  | <u>0</u>                            | <u>124,445</u>                                       |
| 1,627   | 7,209                               | 254,410  |
| 20,537  | 786,623                             | 2,142,443  |
| <u>\$ 22,164</u>  | <u>\$ 793,831</u>                   | <u>\$ 2,396,852</u>                                  |

**LIBERTY COUNTY, FLORIDA**  
**COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**  
**ALL AGENCY FUNDS**  
**SEPTEMBER 30, 2017**

|                            | <b>Clerk of the Courts</b> |                               |                              |                      |
|----------------------------|----------------------------|-------------------------------|------------------------------|----------------------|
|                            | <b>General<br/>Agency</b>  | <b>Domestic<br/>Relations</b> | <b>Registry of<br/>Court</b> | <b>Cash<br/>Bond</b> |
| <b>Assets</b>              |                            |                               |                              |                      |
| Cash                       | \$ 39,832                  | \$ 962                        | \$ 5,200                     | \$ 22,730            |
| Due from Other Funds       | 0                          | 0                             | 0                            | 0                    |
| Due from Other Governments | 0                          | 0                             | 0                            | 0                    |
| <b>Total Assets</b>        | <u>39,832</u>              | <u>962</u>                    | <u>5,200</u>                 | <u>22,730</u>        |
| <b>Liabilities</b>         |                            |                               |                              |                      |
| Due to Individuals         | 0                          | 0                             | 0                            | 22,730               |
| Due to Other Funds         | 0                          | 0                             | 0                            | 0                    |
| Unremitted Collections     | 39,832                     | 962                           | 5,200                        | 0                    |
| <b>Total Liabilities</b>   | <u>\$ 39,832</u>           | <u>\$ 962</u>                 | <u>\$ 5,200</u>              | <u>\$ 22,730</u>     |

**LIBERTY COUNTY, FLORIDA**  
**COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**  
**ALL AGENCY FUNDS**  
**SEPTEMBER 30, 2017**

| <u>Sheriff</u>                   |                 |                         | <u>Tax Collector</u> |                   |
|----------------------------------|-----------------|-------------------------|----------------------|-------------------|
| <u>Individual<br/>Depository</u> | <u>Suspense</u> | <u>Inmate<br/>Trust</u> | <u>Tax and Tag</u>   | <u>Totals</u>     |
| \$ 249                           | \$ 4,586        | \$ 21,435               | \$ 79,575            | \$ 174,569        |
| 0                                | 0               | 0                       | 0                    | 0                 |
| 0                                | 0               | 0                       | 0                    | 0                 |
| <u>249</u>                       | <u>4,586</u>    | <u>21,435</u>           | <u>79,575</u>        | <u>174,569</u>    |
| 0                                | 0               | 1,924                   | 0                    | 24,654            |
| 0                                | 0               | 19,511                  | 0                    | 19,511            |
| 249                              | 4,586           | 0                       | 79,575               | 130,404           |
| <u>\$ 249</u>                    | <u>\$ 4,586</u> | <u>\$ 21,435</u>        | <u>\$ 79,575</u>     | <u>\$ 174,569</u> |

## **COMPLIANCE SECTION**

**LIBERTY COUNTY, FLORIDA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE**  
**FOR THE YEAR ENDING SEPTEMBER 30, 2017**

| <b>Federal and State Grantor<br/>Pass Through Grantor / Program Title</b> | <b>CFDA /<br/>CSFA<br/>Number</b> | <b>Grant I.D.<br/>Number</b> | <b>Program<br/>Award<br/>Amount</b> | <b>Federal<br/>Expenditures</b> |
|---|-----------------------------------|------------------------------|-------------------------------------|---------------------------------|
| <b><u>Federal Awards</u></b>  |                                   |                              |                                     |                                 |
| <b>U.S. Department of Agriculture</b>                                     |                                   |                              |                                     |                                 |
| Pass through Florida Department of Agriculture and Consumer Services      |                                   |                              |                                     |                                 |
| Schools and Roads-Grants to States  | 10.665                            | N/A                          | \$ 41,578                           | \$ 41,578                       |
| <b>Total U.S. Department of Agriculture</b>                               |                                   |                              | <u>41,578</u>                       | <u>41,578</u>                   |
| <b>U.S. Department of Interior</b>  |                                   |                              |                                     |                                 |
| Federal Payment in Lieu of Taxes (Secure Rural Schools)                   | 15.226                            | N/A                          | 420,220                             | 420,220                         |
| <b>Total U.S. Department of Interior</b>                                  |                                   |                              | <u>420,220</u>                      | <u>420,220</u>                  |
| <b>U.S. Department of Justice</b>   |                                   |                              |                                     |                                 |
| Pass through Florida Office of the Attorney General                       |                                   |                              |                                     |                                 |
| Victims of Crime Act  | 16.575                            | V033-14096                   | 50,930                              | 50,930                          |
| Pass through Florida Department of Law Enforcement                        |                                   |                              |                                     |                                 |
| Edward Byrne Memorial JAG Program   | 16.738                            | 2017-JAGC-LIBE-1-F9-095      | 18,029                              | 18,029                          |
| <b>Total U.S. Department of Justice</b>                                   |                                   |                              | <u>68,959</u>                       | <u>68,959</u>                   |
| <b>U.S. Department of Transportation</b>                                  |                                   |                              |                                     |                                 |
| Pass through Florida Department of Transportation                         |                                   |                              |                                     |                                 |
| Public Transportation Joint Participation Agreement                       | 20.509                            | ARL49                        | 245,227                             | 58,950                          |
| <b>Total U.S. Department of Transportation</b>                            |                                   |                              | <u>245,227</u>                      | <u>58,950</u>                   |
| <b>U.S. Department of Health and Human Services</b>                       |                                   |                              |                                     |                                 |
| Pass through Florida Department of Revenue                                |                                   |                              |                                     |                                 |
| Child Support Enforcement Program   | 93.563                            | CST39                        | 515                                 | 515                             |
| Child Support Enforcement Program (Title IV-D)                            | 93.563                            | CSP INCENTIVE                | 57                                  | 57                              |
| <b>Total U.S. Department of Health and Human Services</b>                 |                                   |                              | <u>572</u>                          | <u>572</u>                      |
| <b>U.S. Department of Homeland Security</b>                               |                                   |                              |                                     |                                 |
| Pass through Florida Division of Emergency Management                     |                                   |                              |                                     |                                 |
| Pass through Florida Division of Emergency Management                     |                                   |                              |                                     |                                 |
| Emergency Management Performance Grant                                    | 97.042                            | 17-FG-P9-02-49-01-112        | 40,080                              | 21,489                          |
| Emergency Management Performance Grant                                    | 97.042                            | 18-FG-7A-02-49-01-145        | 40,069                              | 19,846                          |
| <b>Total U.S. Department of Homeland Security</b>                         |                                   |                              | <u>80,149</u>                       | <u>41,335</u>                   |
| <b>Total Federal Awards</b>   |                                   |                              | <u>\$ 856,705</u>                   | <u>\$ 631,614</u>               |
| <b><u>State Financial Assistance</u></b>                                  |                                   |                              |                                     |                                 |
| <b>Florida Executive Office of the Governor</b>                           |                                   |                              |                                     |                                 |
| Emergency Management Programs   | 31.063                            | 17-BG-83-02-49-01-044        | \$ 105,806                          | \$ 93,921                       |
| Emergency Management Programs   | 31.063                            | 18-BG-W9-02-49-01-219        | 105,806                             | 14,388                          |
| <b>Total Florida Department of Environmental Protection</b>               |                                   |                              | <u>211,612</u>                      | <u>108,309</u>                  |
| <b>Florida Department of Environmental Protection</b>                     |                                   |                              |                                     |                                 |
| Small County Solid Waste  | 37.012                            | SC722                        | 90,909                              | 90,909                          |
| Statewide Surface Water Restoration and Wastewater Project                | 37.039                            | LP39010                      | 75,000                              | 52,805                          |
| <b>Total Florida Department of Environmental Protection</b>               |                                   |                              | <u>165,909</u>                      | <u>143,714</u>                  |
| <b>Florida Department of Economic Opportunity</b>                         |                                   |                              |                                     |                                 |
| Division of Community Development   | 40.038                            | P0202                        | 25,000                              | 25,000                          |
| <b>Total Florida Department of Economic Opportunity</b>                   |                                   |                              | <u>25,000</u>                       | <u>25,000</u>                   |



**LIBERTY COUNTY, FLORIDA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2017**  
**(CONCLUDED)**

| <b>Federal and State Grantor</b>                                     | <b>CFDA /<br/>CSFA<br/>Number</b> | <b>Grant I.D.<br/>Number</b> | <b>Program<br/>Award<br/>Amount</b> | <b>Federal<br/>Expenditures</b> |
|--|-----------------------------------|------------------------------|-------------------------------------|---------------------------------|
| <b>Pass Through Grantor / Program Title</b>                          |                                   |                              |                                     |                                 |
| <b><u>State Financial Assistance (continued)</u></b>                 |                                   |                              |                                     |                                 |
| <b>Florida Housing Finance Corporation</b>                           |                                   |                              |                                     |                                 |
| State Housing Initiatives Partnership Program (SHIP)                 | 40.901                            |                              | 350,000                             | 372,124                         |
| <b>Total Florida Department of Agriculture and Consumer</b>          |                                   |                              | 350,000                             | 372,124                         |
| <b>Florida Department of Agriculture and Consumer Services</b>       |                                   |                              |                                     |                                 |
| Mosquito Control Grant   | 42.003                            | 23805                        | 31,540                              | 31,540                          |
| <b>Total Florida Department of Agriculture and Consumer Services</b> |                                   |                              | 31,540                              | 31,540                          |
| <b>Florida Department of State</b>                                   |                                   |                              |                                     |                                 |
| State Aid to Libraries   | 45.030                            | 17-ST-44                     | 57,586                              | 57,586                          |
| <b>Total Florida Department of State</b>                             |                                   |                              | 57,586                              | 57,586                          |
| <b>Florida Department of Transportation</b>                          |                                   |                              |                                     |                                 |
| Commission for the Transportation Disadvantaged                      | 55.001                            | G0M59                        | 245,650                             | 49,529                          |
| Commission for the Transportation Disadvantaged                      | 55.001                            | G0B76                        | 284,449                             | 205,798                         |
| Sub-total for CFDA 55.001  |                                   |                              | 530,099                             | 255,327                         |
| County Incentive Grant Program Freeman Road                          | 55.008                            | G0287                        | 1,146,983                           | 930,020                         |
| Small County Outreach Program (SCOP) Kever Rd                        | 55.009                            | G0305                        | 833,902                             | 72,540                          |
| Small County Outreach Program (SCOP) Lake Mystic Church              | 55.009                            | G0304                        | 492,381                             | 64,353                          |
| Sub-total for CFDA 55.009  |                                   |                              | 1,326,283                           | 136,893                         |
| Public Transit Service Development Program                           | 55.012                            | G0E70                        | 244,000                             | 10,635                          |
| Small County Road Assistance Program (SCRAP)                         | 55.016                            | G03444                       | 99,767                              | 2,535                           |
| <b>Total Florida Department of Transportation</b>                    |                                   |                              | 3,347,132                           | 1,335,410                       |
| <b>Florida Department of Health</b>                                  |                                   |                              |                                     |                                 |
| County Grant Awards  | 64.005                            | C5039                        | 1,036                               | 1,036                           |
| <b>Total Florida Department of Health</b>                            |                                   |                              | 1,036                               | 1,036                           |
| <b>Florida Department of Management Services</b>                     |                                   |                              |                                     |                                 |
| E911 Rural County Grant Program                                      | 72.001                            | 16-10-18                     | 8,640                               | 8,640                           |
| E911 Rural County Grant Program                                      | 72.001                            | 16-10-19                     | 12,101                              | 12,101                          |
| E911 Rural County Grant Program                                      | 72.001                            | 16-10-20                     | 17,553                              | 17,553                          |
| E911 Rural County Grant Program                                      | 72.001                            | 17-04-15                     | 37,831                              | 37,831                          |
| E911 Rural County Grant Program                                      | 72.001                            | 17-04-16                     | 9,688                               | 9,688                           |
| E911 Rural County Grant Program                                      | 72.001                            | 17-04-17                     | 23,884                              | 23,884                          |
| E911 Rural County Grant Program                                      | 72.001                            | 17-04-18                     | 1,604                               | 1,604                           |
| Sub-total for CFDA 72.001  |                                   |                              | 111,301                             | 111,301                         |
| E911 State Grant Program   | 72.002                            | S8-15-12-09                  | 162,017                             | 159,107                         |
| <b>Total Florida Department of Management Services</b>               |                                   |                              | 273,318                             | 270,408                         |
| <b>Florida Department of Highway Safety and Motor Vehicles</b>       |                                   |                              |                                     |                                 |
| Florida Arts License Plates Project                                  | 76.041                            |                              | 20                                  | 20                              |
| <b>Total Florida Department of Highway Safety and Motor Vehicles</b> |                                   |                              | 20                                  | 20                              |
| <b>Total State Financial Assistance</b>                              |                                   |                              | 4,463,153                           | 2,345,147                       |
| <b>Total State and Federal Financial Assistance</b>                  |                                   |                              | \$ 5,319,858                        | \$ 2,976,761                    |

**LIBERTY COUNTY, FLORIDA**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**AND STATE FINANCIAL ASSISTANCE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

**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 AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR  
STATE FINANCIAL ASSISTANCE PROJECT; REPORT ON INTERNAL CONTROL  
OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF STATE  
FINANCIAL ASSISTANCE PROJECTS REQUIRED BY 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 State Financial Assistance Project**

We have audited Liberty County, Florida (the County) compliance with the types of compliance requirements described in the Florida Department of Financial Services' *State Projects Compliance Supplement*, that could have a direct and material effect on each of the County's major state financial assistance projects for the year ended September 30, 2017. The County's major state financial assistance projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

**Auditor's Responsibility**

Our Responsibility is to express an opinion on compliance for the County's major state financial assistance projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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 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 AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR  
STATE FINANCIAL ASSISTANCE PROJECT; REPORT ON INTERNAL CONTROL  
OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF STATE  
FINANCIAL ASSISTANCE PROJECTS REQUIRED BY CHAPTER 10.550, RULES OF THE  
AUDITOR GENERAL  
(Continued)**

**Opinion on the Major State Financial Assistance Projects**

In our opinion, the County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major state financial assistance projects for the year ended September 30, 2017.

**Report on Internal Control over Compliance**

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of requirements referred to above. In planning and performing our audit, we considered the County's internal control over compliance with the requirements that could have a direct and material effect on a major state assistance 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 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 state financial assistance project on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state financial assistance project will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

**Purpose of this Report**

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

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR  
STATE FINANCIAL ASSISTANCE PROJECT; REPORT ON INTERNAL CONTROL  
OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF STATE  
FINANCIAL ASSISTANCE PROJECTS REQUIRED BY CHAPTER 10.550, RULES OF THE  
AUDITOR GENERAL  
(Concluded)**

**Report on Schedule of Expenditures of State Financial Assistance Required by Chapter 10.550, Rules of the Auditor General**

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise County's basic financial statements. Our audit report thereon dated June 18, 2018, which contained unmodified opinions on those financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis as required by Chapter 10.550, *Rules of the Auditor General* and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards general accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards and state financial assistance is fairly stated in all material respects in relation to the basic financial statements as a whole.

*Moran & Smith LLP*

Moran & Smith LLP  
June 18, 2018  
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, 2017, 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, 2017.

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  
June 18, 2018  
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, 2017, 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, 2017.

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  
June 18, 2018  
Quincy, Florida



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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information for Liberty County, Florida, (the County) as of and for the year ended September 30, 2017, 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 18, 2018.

**Internal Control over Financial Reporting**

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

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

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

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

**Compliance and Other Matters**

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

We also noted certain additional matters that we have reported to management of the County in a separate management letter dated June 18, 2018.

**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  
June 18, 2018  
Quincy, Florida

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
STATE FINANCIAL ASSISTANCE PROJECTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2017  
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, 2017.
2. There were no instances of material weakness(es) or significant deficiency(ies) identified during the audit of the financial statements reported in the report on internal control over financial reporting and compliance and other matters based on an audit of financial statements performed in accordance with *Government Auditing Standards*.
3. There were no instances of noncompliance identified during the audit of the financial statements as reported in the report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with *Government Auditing Standards*.
4. The audit disclosed no significant deficiencies and / or material weaknesses in internal control over major state financial assistance projects that are required to be reported in the schedule of findings and questioned costs.
5. The report on compliance for the major state financial assistance projects for Liberty County, Florida, expresses an unqualified opinion.
6. The audit disclosed no findings required to be reported in accordance with Chapter 10.550, *Rules of the Auditor General* relative to the major state financial assistance projects for Liberty County, Florida.
7. The programs/projects tested as major state financial assistance programs/projects included the following:

---

**Florida Department of Transportation**

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
STATE FINANCIAL ASSISTANCE PROJECTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2017  
LIBERTY COUNTY, FLORIDA  
(Concluded)**

**PART I - SUMMARY OF AUDIT RESULTS (concluded)**

8. The threshold for distinguishing Type A and Type B programs/projects was \$ \$300,00 for major state financial assistance projects.
9. Liberty County, Florida, did not qualify as a low-risk auditee.

**PART II - FINDINGS - FINANCIAL STATEMENT FINDINGS**

There were no findings relative to the Financial Statements

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

There were no findings relative to the federal programs

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

There were no findings relative to the major state projects

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

There were no prior audit findings

**MANAGEMENT LETTER**

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

**Report on the Financial Statements**

We have audited the financial statements of Liberty County, Florida; (the County) as of and for the fiscal year ended September 30, 2017, and have issued our report thereon dated June 18, 2018.

**Auditor's Responsibility**

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

**Other Reports and Schedule**

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditor's Report on Compliance for Each Major State Assistance Project and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountant's Report on an examination conducted in accordance with AICPA Professional Standards, 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 18, 2018, should be considered in conjunction with this management letter.

**Prior Audit Findings**

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

**Official Title and Legal Authority**

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

## **MANAGEMENT LETTER** *(Continued)*

### **Financial Condition**

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

Pursuant to Section Sections 10.554(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, 2017, 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, 2017. 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 have the following findings:

#### **Finding 2018-IC-01**

**Criteria:** Florida Statutes 212.055(8) Emergency Fire Rescue Services and Facilities surtax

**Condition:** Liberty County passed by voter referendum a discretionary Sales surtax of one half percent (.5) for emergency fire rescue services. Liberty County is the first County in Florida to pass this surtax and as a rural County many of the statutory requirements do not seem to apply. As a result, it does not appear that the County is compliance with all aspect of the statute. The County did extensive research and performed due diligence on the compliance aspects of the statute.

**Cause:** The statute requires a reduction in ad valorem taxes to offset the amount of surtaxes collected. It is apparent from the statute that the intent was to make the passage of the tax revenue neutral. It is not clear, from the statute, on what the exact methodology should be to accomplish this. There are also specific rules regarding the process to determine how to distribute the proceeds of the tax. These procedures do not seem to apply in a rural county with only one municipality. The County relies heavily on the efforts of volunteer fire departments and the statute does not address this situation

**MANAGEMENT LETTER**  
*(Continued)*

**Effect:** The County reduced its ad valorem taxes in the subsequent year by the net amount of the surtax proceeds, collected in 2017, which has resulted in the County losing a significant amount of ad valorem taxes and the County is not in a revenue neutral situation. The County distributed a portion of the taxes to a local municipality and is spending the balance of the proceeds on local volunteer fire departments.

**Recommendation:** We recommend the County obtain an attorney general opinion on the requirements of ad valorem tax reduction as well as allowable uses and distributions of the proceeds.

**Management response:** Management agrees with the recommendation to obtain an Attorney General opinion pertaining to the ad valorem tax reduction as well as allowable uses and distributions of proceeds. As Liberty County is the first County in the State of Florida to have citizens pass this surtax, there is no clear precedent to follow.

County Management desires to reach an agreement with the Auditor to remain in compliance with Florida Statutes. Based on the auditor's opinion and finding in this audit report, it appears that the interpretation of Section 212.055(8), Florida Statutes, must come from obtaining a formal opinion from the Attorney General.

Immediately upon Liberty County voters passing the Emergency Fire Rescue Services and Facilities surtax, extensive research was conducted by the Liberty County Clerk of Court and County Finance Department. Some of the research conducted was by contacting, but not limited to, the following:

- The Legal Counsel for the Board of County Commissioners of Liberty County.
- The Attorney General's Office provided an informal opinion.
- The Florida Department of Revenue; TRIM, finance and tax departments.
- The Florida Association of Court Clerk and Comptrollers Legal Counsel.

The County Finance Department conducted extensive research and due diligence to comply with Section 212.055(8), Florida Statutes, using direction provided by all of the sources listed above. From the direction received from the sources above, the County offset ad valorem taxes in Fiscal Year 2017-2018. Liberty County is a fiscally constrained County. Ad valorem taxes have been set at 10 mills for decades. With the offset of ad valorem taxes, the Fiscal Year 2017-2018 Liberty County budget experienced a detrimental financial impact relating to non-fire and rescue related services.

The surtax was not in effect until January 2017. Therefore, there was no offset in ad valorem taxes in the fiscal year 2016-2017 tax roll, as TRIM, millage and budget processes had already been completed before the tax passed.

Due to critical statutory timelines, Liberty County desires to obtain an expedited formal Attorney General opinion before the close of the County's next budget cycle, closing on September 30, 2018.

**MANAGEMENT LETTER**  
*(Concluded)*

**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  
June 18, 2018  
Quincy, Florida