

ANNUAL FINANCIAL REPORT

Liberty County, Texas

Fiscal Year Ended
September 30, 2015

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Liberty County, Texas
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For the Year Ended September 30, 2015

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Liberty County, Texas (the "County"), as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the

entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the County, as of September 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Change in Accounting Principle

As discussed in Note V.H. to the financial statements, in 2015 the County adopted new accounting guidance GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. Our opinion is not modified with respect to this matter.

Correction of an Error

As discussed in Note V.H. to the financial statements, beginning fund balance and net position has been restated to reflect correction of errors in the 2014 financial statements. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pension information, other post-employment benefit schedules, and budgetary comparison information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted

in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The accompanying supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2016 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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.



BrooksCardiel, PLLC
Certified Public Accountants
The Woodlands, Texas
June 27, 2016

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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Liberty County, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2015

As management of Liberty County (the "County"), we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended September 30, 2015.

FINANCIAL HIGHLIGHTS

- The liabilities of the County exceeded its assets (net position) at September 30, 2015 by \$469,389.
- The County's total net position decreased by \$2,202,129. The majority of the County's net position is net investment in capital assets and restricted for specific purposes. The decrease is primarily related to the loss from sale of property of \$818,009. In addition, general government expenses were greater than anticipated due to the increase in the net pension liability and the OPEB obligation.
- The County's governmental funds reported combined ending fund balances of \$19,034,071 at September 30, 2015 and an increase of \$486,770 from the prior fiscal year; this includes an increase of \$23,385 in the general fund, increase of \$585,281 in the capital projects fund, a decrease of \$386,777 in the nonmajor governmental funds and an increase of \$264,881 in the road and bridge fund.
- At the end of the fiscal year, unassigned fund balance for the general fund was \$9,786,688 or 35% of total general fund expenditures.
- The County's outstanding bonds payable decreased by \$1,765,000 or 11% of the County's total debt outstanding at the beginning of the fiscal year. Total bonds payable at the close of the fiscal year were \$14,110,000.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis provided here are intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) the notes to financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

Government-wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business.

The *statement of net position* presents financial information on all of the County's assets and liabilities with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

Liberty County, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2015

The *statement of activities* presents information showing how the County's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the County include general government, public safety, highways and streets, sanitation, and culture and recreation. The County does not have any business-type 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 ensure 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.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in assessing a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The County maintains thirty-six individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the road and bridge fund, capital projects fund and the CDBG fund, which are considered to be major funds. Data from the other thirty-two governmental funds are combined into a single aggregated presentation. Individual fund data for

Liberty County, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2015

each of these nonmajor governmental funds is provided in the form of combining statements in the combining and individual fund statements and schedules section of this report.

The County adopts an annual appropriated budget for its general, debt service and all special revenue funds. A budgetary comparison statement has been provided for the general and road and bridge funds to demonstrate compliance with their budgets.

Traditional users of government financial statements will find the fund financial statement presentation more familiar. The fund financial statements provide more information about the County's most significant funds, not the County as a whole.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are *not* reported in the government-wide financial statements because the resources of those funds *are not* available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The County maintains one type of fiduciary fund. The *Agency Funds* report resources held by the County in a custodial capacity for individuals, private organizations and other governments.

Notes to Financial Statements

The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

In addition to basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the County's progress in funding its obligation to provide pension and OPEB benefits to its employees.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information on OPEB.

Government-wide Overall Financial Analysis

As noted earlier, net position over time, may serve as a useful indicator of a government's financial position. In the case of the County, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$469,389 at the close of the most recent fiscal year.

Liberty County, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2015

The largest portion of the County's net position, \$10,709,571, reflects its investments in capital assets (e.g., land, building, machinery, equipment, infrastructure, etc.), less any debt used to acquire those assets that are still outstanding. 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 assets themselves cannot be used to liquidate these liabilities.

Statement of Net Position:

The following table reflects the condensed Statement of Net Position:

	Governmental Activities	
	2015	2014
Assets:		
Current and other assets	\$ 24,207,589	\$ 22,879,600
Capital assets, net	22,532,045	25,411,621
Total Assets	46,739,634	48,291,221
Deferred Outflows of Resources	3,130,965	2,544,554
Liabilities:		
Current liabilities	6,539,702	6,434,594
Long-term liabilities	43,447,242	42,668,441
Total Liabilities	49,986,944	49,103,035
Deferred Inflows of Resources	353,044	-
Net Position:		
Net investment in capital assets	10,709,571	11,203,844
Restricted	3,620,053	3,571,629
Unrestricted	(14,799,013)	(13,042,733)
Total Net Position	\$ (469,389)	\$ 1,732,740

The County's net position decreased by \$2,202,129 from \$1,732,740 for a year end deficit of \$469,389. The decrease is primarily due to the \$818,009 loss recognized from the sale of property in the current year and an increase in the County's OPEB obligation of \$1,662,999. The County's investment in capital assets decreased \$494,273, which is a result of assets disposed during the year and depreciation expense.

Liberty County, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2015

Statement of Activities

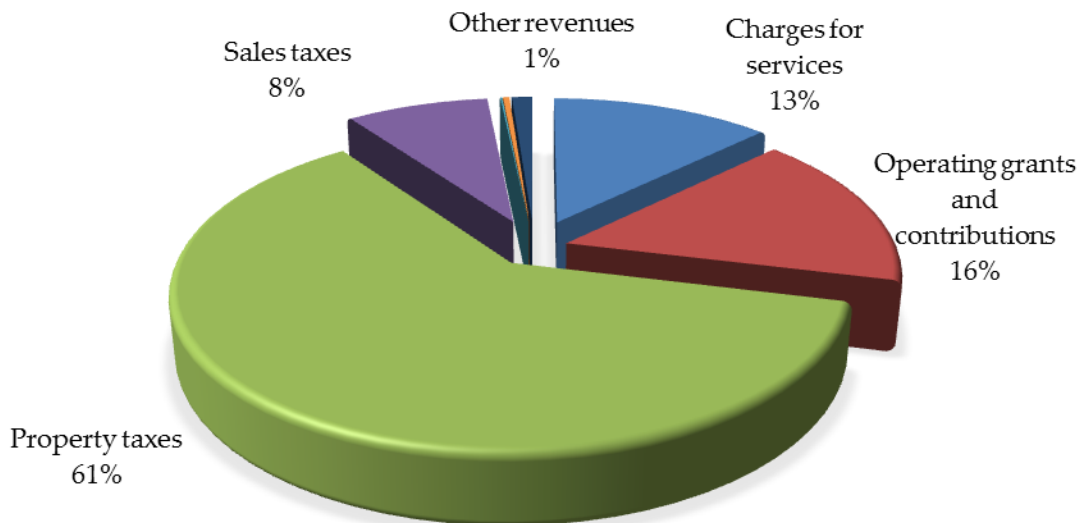
The following table provides a summary of the County's changes in net position for the years ended September 30:

	Governmental Activities	
	2015	2014
Revenues		
Program revenues:		
Charges for services	\$ 5,718,961	\$ 5,651,883
Operating grants and contributions	7,218,641	5,554,120
General revenues:		
Property taxes	27,508,032	25,976,539
Sales taxes	3,701,970	3,824,221
Other taxes	49,021	55,631
Investment income	167,111	199,822
Other revenues	531,590	528,246
Total Revenues	44,895,326	41,790,462
Expenses		
General government	11,053,870	10,304,267
Judicial	4,909,651	5,085,688
Legal	2,012,411	2,043,603
Financial	2,713,163	2,723,467
Public safety	13,959,695	14,584,155
Health and welfare	1,069,754	1,017,475
Public transportation	8,739,353	8,476,627
Other	1,247,817	1,258,109
Loss on sale of property	818,009	-
Interest and fiscal agent fees on long-term debt	573,732	550,025
Total Expenses	47,097,455	46,043,416
Change in Net Position	(2,202,129)	(4,252,954)
Beginning net position	1,732,740	5,985,694
Ending Net Position	\$ (469,389)	\$ 1,732,740

Liberty County, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2015

Graphic presentations of selected data from the summary tables are included to assist in the analysis of the County's activities.

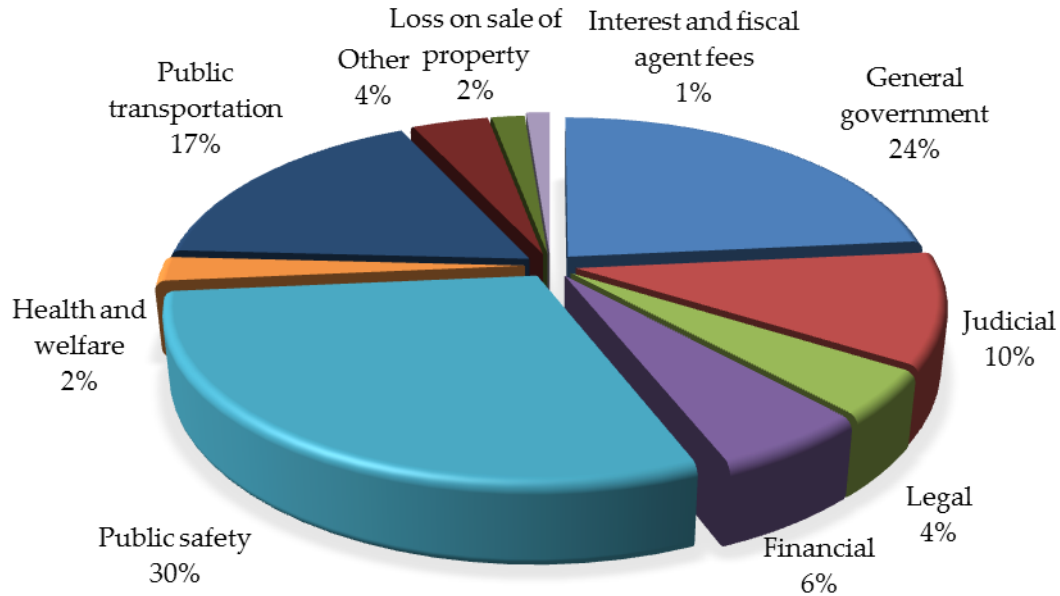
Governmental Revenues



Total governmental revenues increased by 7% or \$3,104,864, from the prior year. This increase is primarily the result of an increase in property tax revenue of \$1,531,493 due to an increase in the appraised property tax values. Grant revenue also increased \$1,664,521 or 6% due to significant activity related to the County's disaster recovery grant. The most significant grants were utilized for community development. All other revenues remained stable when compared to the previous year.

Liberty County, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2015

Governmental Expenses



Governmental expenses decreased by \$1,054,039 from the prior year. This includes a decrease in public safety expenditures of \$624,461 or 4%, which is directly related to the increased spending on repairs and maintenance in the prior year. General government expenses increased by \$749,603 or 7%, which is a result of the increase in the net pension liability and the OPEB obligation over the current year. In March 2015, the County sold a building with a net book value of \$1,381,136. Proceeds totaling \$563,127 were received from the sale, resulting in a loss of \$818,009.

Financial Analysis of Governmental Funds

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the County's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the County itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the County's governing body.

The County's governmental funds reflect a combined fund balance of \$19,034,071. Of this, \$9,786,688 is

Liberty County, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2015

unassigned and available for day-to-day operations of the County, \$3,620,053 is restricted for special revenue fund expenditures and \$3,865,246 is restricted for capital projects. The County has nonspendable funds of \$265,889 that consists of prepaid insurance. The County has committed fund balance of \$1,539,543 in the road and bridge fund.

There was an increase in the combined fund balance of \$486,770 from the prior year. Included in the increase is an increase of \$23,385 in the general fund, \$264,881 in the road and bridge fund, \$585,281 in the capital projects fund, and a decrease of \$386,777 in the nonmajor governmental funds. The County had budgeted for a deficit in the current year due to excess reserves in fund balance. At the end of the fiscal year, unassigned fund balance for the general fund was \$9,786,688 or 35% of total general fund expenditures.

General Fund Budgetary Highlights

- Actual general fund revenues were over final budgeted revenues by \$1,100,488 during the year.
- General fund expenditures were under the final budget by \$523,995.

Capital Assets

At the end of the year, the County's governmental activities funds had invested \$22,532,045 in a variety of capital assets and infrastructure, net of depreciation.

Major capital asset events during the current year include the following:

- Purchase of telephone system upgrades amounting to \$244,126
- Purchase of police department vehicles totaling \$143,019
- Purchase of a Caterpillar motor grader for \$250,059
- The County entered into new capital lease agreements for the financing of equipment and vehicle totaling \$469,697.
- The County sold a building with a net book value of \$1,381,136. Proceeds totaling \$563,127 were received from the sale, resulting in a loss of \$818,009.

More detailed information about the County's capital assets is presented in the notes to the financial statements.

Long-Term Debt

At the end of the year, the County reported total long-term debt of \$45,649,710.

More detailed information about the County's long-term liabilities is presented in the notes to the financial statements.

Liberty County, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2015

Current ratings on debt issues are as follows:

All of the County's bond issues have been successful in qualifying for bond insurance resulting in ratings of "BAA" and "AAA" by Moody's and Standard & Poor's, respectively.

Economic Factors

The County continues to grow as seen in the increase in assessed property valuations for both residential and commercial entities. The County has continued to solidify the infrastructure of the County by investing in roads and bridges within the County.

Requests for Information

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be directed to Dwayne Gott, CPA, County Auditor's Office, Liberty County, Texas, 1923 Sam Houston, Liberty, Texas 77575.

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FINANCIAL STATEMENTS

Liberty County, Texas
STATEMENT OF NET POSITION (Page 1 of 2)
September 30, 2015

	Governmental Activities
<u>Assets</u>	
Current Assets:	
Cash and cash equivalents	\$ 17,834,201
Receivables, net	2,678,815
Due from other governments	3,063,325
Due from others	89,651
Prepaid items	265,889
Total Current Assets	23,931,881
Non-Current Assets:	
Other assets	275,708
Nondepreciable capital assets	2,618,764
Capital assets (net of accumulated depreciation)	19,913,281
Total Non-Current Assets	22,807,753
Total Assets	46,739,634
 <u>Deferred Outflows of Resources</u>	
Pension contributions	1,680,516
Pension investment earnings	47,654
Pension (gains) losses	600,339
Deferred charge on refunding	802,456
Total Deferred Outflows of Resources	3,130,965

Liberty County, Texas
STATEMENT OF NET POSITION (Page 2 of 2)
September 30, 2015

<u>Liabilities</u>	<u>Governmental Activities</u>
Current Liabilities:	
Accounts payable and accrued liabilities	3,382,559
Due to other governments	89,608
Due to others	763,712
Accrued interest payable	101,355
Long-term liabilities due within one year	2,202,468
Total Current Liabilities	<u>6,539,702</u>
 Non-Current Liabilities:	
Long-term liabilities due in more than one year	43,447,242
Total Liabilities	<u>49,986,944</u>
 <u>Deferred Inflows of Resources</u>	
Revenue received in advance	353,044
Total Deferred Inflows of Resources	<u>353,044</u>
 <u>Net Position</u>	
Net investment in capital assets	10,709,571
Restricted	3,620,053
Unrestricted	(14,799,013)
Total Net Position	<u>\$ (469,389)</u>

See Notes to Financial Statements.

Liberty County, Texas
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2015

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Primary Government:			
Governmental Activities:			
General government	\$ 11,053,870	\$ 263,875	\$ 6,267,096
Judicial	4,909,651	462,708	52,212
Legal	2,012,411	121,250	357,477
Financial	2,713,163	-	-
Public safety	13,959,695	2,458,217	79,088
Health and welfare	1,069,754	-	-
Public transportation	8,739,353	1,990,615	462,768
Other	1,247,817	422,296	-
Interest and fiscal agent fees on long-term debt	573,732	-	-
Total Governmental Activities	<u>46,279,446</u>	<u>5,718,961</u>	<u>7,218,641</u>
Total Primary Government	<u>\$ 46,279,446</u>	<u>\$ 5,718,961</u>	<u>\$ 7,218,641</u>

General Revenues:

Property taxes
Sales taxes
Other taxes
Investment income
Other revenues
Loss on sale of property

Total General Revenues

Change in Net Position

Beginning net position

Ending Net Position

See Notes to Financial Statements.

**Net (Expense)
Revenue and
Changes in Net
Position**

**Governmental
Activities**

\$ (4,522,899)
(4,394,731)
(1,533,684)
(2,713,163)
(11,422,390)
(1,069,754)
(6,285,970)
(825,521)

(573,732)

(33,341,844)

(33,341,844)

27,508,032

3,701,970

49,021

167,111

531,590

(818,009)

31,139,715

(2,202,129)

1,732,740

\$ (469,389)

Liberty County, Texas

BALANCE SHEET

GOVERNMENTAL FUNDS

September 30, 2015

	General	Road and Bridge	Capital Projects
<u>Assets</u>			
Cash and cash equivalents	\$ 6,573,143	\$ 2,182,277	\$ 3,861,899
Receivables, net	1,944,055	524,947	-
Due from other governments	964,228	335,430	-
Due from others	26,860	2,190	-
Due from other funds	2,630,703	-	-
Prepaid items	265,889	-	-
Other assets	275,708	-	-
Total Assets	\$ 12,680,586	\$ 3,044,844	\$ 3,861,899
<u>Liabilities and Fund Balances</u>			
Liabilities:			
Accounts payable and accrued liabilities	\$ 786,461	\$ 544,045	\$ -
Due to other governments	89,608	-	-
Due to others	60	-	-
Due to other funds	-	211,549	-
Total Liabilities	876,129	755,594	-
<u>Deferred Inflows of Resources</u>			
Unavailable revenue - property taxes	1,676,880	471,663	-
Revenue received in advance	75,000	278,044	-
Total Deferred Inflows of Resources	1,751,880	749,707	-
Fund Balances:			
Nonspendable:			
Prepaid items	265,889	-	-
Restricted:			
Capital projects	-	-	3,861,899
Special revenue funds	-	-	-
Committed:			
Road and bridge	-	1,539,543	-
Unassigned	9,786,688	-	-
Total Fund Balances	10,052,577	1,539,543	3,861,899
Total Liabilities and Fund Balances	\$ 12,680,586	\$ 3,044,844	\$ 3,861,899

<u>CDBG</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 120,527	\$ 4,116,981	\$ 16,854,827
-	209,813	2,678,815
1,486,121	277,546	3,063,325
373	15,427	44,850
-	211,549	2,842,252
-	-	265,889
-	-	275,708
<u>\$ 1,607,021</u>	<u>\$ 4,831,316</u>	<u>\$ 26,025,666</u>

\$ 1,564,184	\$ 87,518	\$ 2,982,208
-	-	89,608
-	763,652	763,712
39,490	214,421	465,460
<u>1,603,674</u>	<u>1,065,591</u>	<u>4,300,988</u>

-	189,020	2,337,563
-	-	353,044
-	189,020	2,690,607

-	-	265,889
3,347	-	3,865,246
-	3,620,053	3,620,053
-	-	1,539,543
-	(43,348)	9,743,340
<u>3,347</u>	<u>3,576,705</u>	<u>19,034,071</u>
<u>\$ 1,607,021</u>	<u>\$ 4,831,316</u>	<u>\$ 26,025,666</u>

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Liberty County, Texas

RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION GOVERNMENTAL FUNDS

September 30, 2015

Fund Balances - Total Governmental Funds	\$ 19,034,071
Adjustments for the Statement of Net Position:	
Capital assets used in governmental activities are not current financial resources and therefore not reported in the governmental funds.	
Nondepreciable capital assets	2,618,764
Depreciable capital assets	62,028,303
Accumulated depreciation	(42,115,022)
 The internal service fund is used to charge the costs of self-insurance activities to the appropriate the functions in the other funds and, therefore, are not reported in the governmental funds.	 (1,752,968)
 Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.	
Unavailable revenue - property taxes	2,337,563
 Deferred outflows of resources, represent a consumption of net position that applies to a future period(s) and is not recognized as an outflow of resources (expense/ expenditures) until then	
Pension contributions	1,680,516
Pension investment earnings	47,654
Pension (gains) losses	600,339
 Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	
Accrued interest payable	(101,355)
Bonds and capital leases	(16,147,315)
Deferred charges:	
Premium	(339,514)
On refunding	802,456
Net pension liability	(8,764,114)
OPEB liability	(19,771,009)
Compensated absences	(627,758)
Net Position of Governmental Activities	\$ (469,389)

See Notes to Financial Statements.

Liberty County, Texas

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS For the Year Ended September 30, 2015

	General	Road and Bridge	Capital Projects
Revenues			
Property taxes	\$ 20,515,768	\$ 5,046,914	\$ -
Sales taxes	3,701,970	-	-
Other taxes	49,021	-	-
Licenses and permits	422,296	-	-
Fines and forfeitures	2,410,314	1,668,081	-
Charges for services	286,340	-	-
Intergovernmental revenue	593,258	462,768	-
Investment income	131,544	-	22,154
Other revenue	151,604	279,472	563,127
Total Revenues	28,262,115	7,457,235	585,281
Expenditures			
Current:			
General government	4,243,753	-	-
Judicial	4,447,623	-	-
Legal	1,874,508	-	-
Financial	2,585,845	-	-
Public safety	12,680,843	-	-
Health and welfare	1,032,335	-	-
Public transportation	-	6,437,675	-
Other	651,558	545,031	-
Capital Outlay	476,851	616,011	-
Debt Service:			
Principal	169,078	398,488	-
Interest and fiscal charges	49,638	24,647	-
Total Expenditures	28,212,032	8,021,852	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	50,083	(564,617)	585,281
Other Financing Sources (Uses)			
Transfers in	1,192	360,000	-
Transfers (out)	(27,890)	-	-
Capital lease issuance	-	469,498	-
Total Other Financing Sources (Uses)	(26,698)	829,498	-
Net Change in Fund Balances	23,385	264,881	585,281
Beginning fund balances	10,029,192	1,274,662	3,276,618
Ending Fund Balances	\$ 10,052,577	\$ 1,539,543	\$ 3,861,899

See Notes to Financial Statements.

CDBG	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ 2,061,983	\$ 27,624,665
-	-	3,701,970
-	-	49,021
-	-	422,296
-	850,473	4,928,868
-	81,457	367,797
5,482,371	680,244	7,218,641
-	6,173	159,871
-	100,514	1,094,717
<u>5,482,371</u>	<u>3,780,844</u>	<u>45,567,846</u>
5,481,940	182,273	9,907,966
-	233,650	4,681,273
-	69,855	1,944,363
-	-	2,585,845
-	449,791	13,130,634
-	-	1,032,335
-	274,571	6,712,246
-	-	1,196,589
431	446,888	1,540,181
-	1,765,000	2,332,566
-	413,483	487,768
<u>5,482,371</u>	<u>3,835,511</u>	<u>45,551,766</u>
-	(54,667)	16,080
-	27,890	389,082
-	(360,000)	(387,890)
-	-	469,498
<u>-</u>	<u>(332,110)</u>	<u>470,690</u>
-	(386,777)	486,770
<u>3,347</u>	<u>3,963,482</u>	<u>18,547,301</u>
<u>\$ 3,347</u>	<u>\$ 3,576,705</u>	<u>\$ 19,034,071</u>

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Liberty County, Texas
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2015

Amounts reported for governmental activities in the statement of activities are different because:

Net changes in fund balances - total government funds	\$	486,770
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.

Capital outlay		1,379,717
Net book value of capital assets traded in through financing		(173,323)
Depreciation expense		(2,704,834)
Net book value of property sold		(1,381,136)

The County uses internal service funds to charge the costs of certain activities, such as self-insurance, to the appropriate functions in other funds. The net income (loss) of internal service funds is reported within governmental activities		(78,741)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Unavailable revenue - property taxes		(116,633)

Bonds and note proceeds provide current financial resources to governmental funds, while the repayment of debt decreases long-term liabilities in the statement of net position.		
Capital lease issued		(469,498)
Principal payments		2,332,566
Amortization of bond premiums and discount		26,116
Deferred charge on refunding		(89,162)

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. This adjustment reflects the net change in interest payable on the accrual basis of accounting, the net change in compensated absences and OPEB liabilities.		
Accrued interest payable		(22,918)
Compensated absences		(45,169)
Pension expense		317,115
Other Post Employment Benefits		(1,662,999)

Change in Net Position of Governmental Activities	\$	(2,202,129)
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See Notes to Financial Statements.

Liberty County, Texas
STATEMENT OF NET POSITION
PROPRIETARY FUND
September 30, 2015

		<u>Governmental Activities Internal Service</u>
<u>Assets</u>		
Cash and cash equivalents	\$	979,374
Due from others		44,801
Total Assets	\$	<u>1,024,175</u>
 <u>Liabilities</u>		
Accounts payable	\$	400,351
Due to other funds		2,376,792
Total Liabilities		<u>2,777,143</u>
 <u>Net Position</u>		
Unrestricted		(1,752,968)
Total Net Position	\$	<u>(1,752,968)</u>

See Notes to Financial Statements.

Liberty County, Texas

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION PROPRIETARY FUND

For the Year Ended September 30, 2015

	<u>Governmental Activities</u>
	<u>Internal Service</u>
<u>Operating Revenues</u>	
County and employee contributions	\$ 5,079,124
Total Operating Revenues	<u>5,079,124</u>
<u>Operating Expenses</u>	
Claims, premiums, and administrative costs	5,163,913
Total Operating Expenses	<u>5,163,913</u>
Operating (Loss)	(84,789)
<u>Nonoperating Revenues</u>	
Investment income	7,240
Total Nonoperating Revenues	<u>7,240</u>
<u>Other Financing Sources (Uses)</u>	
Transfers (out)	(1,192)
Change in Net Position	(78,741)
Beginning net position	(1,674,227)
Ending Net Position	<u>\$ (1,752,968)</u>

See Notes to Financial Statements.

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Liberty County, Texas
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
For the Year Ended September 30, 2015

	Governmental Activities
	Internal Service
<u>Cash Flows from Operating Activities</u>	
Receipts from County and employee contributions	\$ 5,115,465
Payments for claims, premiums, and administrative costs	(5,285,512)
Net Cash (Used for) Operating Activities	(170,047)
 <u>Cash Flows from Investing Activities</u>	
Interest on investments	7,240
Net Cash Provided by Investing Activities	7,240
Net (Decrease) in Cash and Cash Equivalents	(162,807)
Beginning cash and cash equivalents	1,142,181
Ending Cash and Cash Equivalents	\$ 979,374
 <u>Reconciliation of Operating (Loss)</u>	
<u>to Net Cash (Used for) Operating Activities</u>	
Operating (loss)	\$ (84,789)
Transfers (out) to other funds	(1,192)
 Changes in Operating Assets and Liabilities:	
(Increase) Decrease in:	
Due from others	36,341
Increase (Decrease) in:	
Accounts payable	56,432
Due to other funds	(176,839)
Net Cash (Used for) Operating Activities	\$ (170,047)

See Notes to Financial Statements.

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Liberty County, Texas
STATEMENT OF FIDUCIARY OF NET POSITION
AGENCY FUNDS
September 30, 2015

		<u>Total Agency Funds</u>
<u>Assets</u>		
Cash and cash equivalents	\$	6,886,494
Due from other Funds		20,065
Total Assets	\$	<u>6,906,559</u>
 <u>Liabilities</u>		
Accounts payable		88,957
Due to others		6,253,507
Due to other governments		178,500
Due to other funds		385,595
Total Liabilities	\$	<u>6,906,559</u>

See Notes to Financial Statements.

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Liberty County, Texas
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting entity

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

The County's financial statements include the accounts of all County operations. The County provides a vast array of services including general government, judicial, legal, financial, public safety, health and welfare, and public transportation services.

Considerations regarding the potential for inclusion of other entities, organizations, or functions in the County's financial reporting entity are based on criteria prescribed by generally accepted accounting principles. These same criteria are evaluated in considering whether the County is a part of any other governmental or other type of reporting entity. The overriding elements associated with prescribed criteria considered in determining that the County's financial reporting entity status is that of a primary government are that it has a separately elected governing body; it is legally separate; and it is fiscally independent of other state and local governments. Additionally, prescribed criteria under generally accepted accounting principles include considerations pertaining to organizations for which the primary government is financially accountable and considerations pertaining to organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Blended Component Unit

Liberty County Juvenile Probation Department

The Liberty County Juvenile Probation Department is a legally separate entity from the County but is so closely related to the County that it is, in essence, an extension of the County. This entity is considered a blended component unit for reporting purposes. The financial data of this unit is combined with that of the County since the unit is, in substance, part of the County's operations. The financial statements of the unit are separately audited as of their fiscal year end (August 31) to meet the reporting requirements of their major funding source (the State of Texas). Audited financial statements for the blended component unit can be obtained by contacting the Liberty County Auditor, 1923 Sam Houston, Liberty, Texas 77575.

B. Basis of presentation – government-wide financial statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds.

Liberty County, Texas
NOTES TO THE FINANCIAL STATEMENTS, Continued
For the Year Ended September 30, 2015

Separate financial statements are provided for governmental funds, and fiduciary funds, even though the latter are excluded from the government- wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the various functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

C. Basis of presentation – fund financial statements

The fund financial statements provide information about the government’s funds, including its fiduciary funds. Separate statements for each fund category—governmental, and fiduciary—are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The government reported the following major governmental funds:

The *general fund* is the government’s primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

The *road & bridge fund* is used to account for revenues of property taxes levied and vehicle registration fees for the road & bridge fund. Uses of funds are restricted for the maintenance of roads, bridges, and the operations of related facilities. All precinct operations as well as permanent road monies are accounted for in this fund.

The *capital projects fund* is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays including the acquisition or construction of capital facilities and other capital assets.

The *CDBG fund* is used to account for and report financial resources that are received from the Department of Housing and Urban Development for community development projects.

Additionally, the government reports the following fund types:

Internal service fund accounts for revenues and expenses related to the County's medical and dental self-insurance program in accordance with Chapter 172 of the Texas Government Code. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a propriety fund's

Liberty County, Texas

NOTES TO THE FINANCIAL STATEMENTS, *Continued*

For the Year Ended September 30, 2015

ongoing operations. Revenues are derived from County contributions, employee and retiree COBRA premiums and investment of idle funds. Expenses are for claims, premiums, and administrative costs. The general fund is contingently liable for liabilities of the internal service fund. Sub-fund accounting is employed to maintain the integrity of the self-insurance activities of the County.

The *agency funds* report resources held by the County in a custodial capacity for individuals, private organizations and other governments.

During the course of operations the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

D. Measurement focus and basis of accounting

The government-wide statements of net position and statements of activities and all proprietary funds are accounted for on a flow of economic resources measurement focus, accrual basis of accounting. With this measurement focus, all assets and all liabilities associated with the operations of these activities are included on the balance sheet. Proprietary fund equity consists of net position. Proprietary fund-type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

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

The County utilizes the modified accrual basis of accounting in the governmental fund type. Under the modified accrual basis of accounting, revenues are recognized in the accounting period when they are susceptible to accrual (i.e., when they are measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current

Liberty County, Texas
NOTES TO THE FINANCIAL STATEMENTS, Continued
For the Year Ended September 30, 2015

period. For this purpose, the County considers revenues available if they are collected within 60 days of the end of the current period. Revenues susceptible to accrual include charges for services and interest on temporary investments.

Property taxes, sales taxes, other taxes, and interest associated with the current period are all considered to be susceptible to accrual and so have been recognized as revenues of the current period. Other receipts and other taxes become measurable and available when cash is received by the government and are recognized as revenue at that time.

Under modified accrual accounting, expenditures are recognized in the accounting period in which the liability is incurred, if measurable, except for interest on general long-term debt, which is recognized when due.

Generally, the effect of interfund activity has been eliminated from the government-wide financial statements.

E. Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance

1. Cash and cash equivalents

The County's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

2. Investments

Investments for the government are reported at fair value (generally based on quoted market prices.) Investment positions in external investment pools that are operated in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940, such as TexPool, are reported using the pools' share price.

The Local Government Code of Texas authorizes the County to invest in:

- (1) obligations of the United States or its agencies and instrumentalities;
- (2) direct obligations of the State of Texas or its agencies and instrumentalities;
- (3) collateral mortgage obligations although significantly limited;
- (4) other obligations, the principal and interest on which are unconditionally guaranteed or insured or backed by the full faith and credit of the State of Texas or the United States or their respective agencies and instrumentalities;

Liberty County, Texas

NOTES TO THE FINANCIAL STATEMENTS, *Continued*

For the Year Ended September 30, 2015

(5) obligations of state, agencies, counties, cities, and other political subdivisions of any state rated as investment quality by a nationally recognized investment rating firm of not less than A or its equivalent;

(6) certificates of deposit issued by state and national banks or savings and loan domiciled in Texas which are:

(a) guaranteed or insured by the Federal Deposit Insurance Corporation, or its successor; or

(b) secured by obligations of paragraphs (1) to (5) above and that have a market value of not less than the principal amount of the certificates but excluding certain mortgage-backed securities;

(c) fully collateralized repurchase agreements, bankers' acceptances, commercial paper, mutual funds, guaranteed investment contracts, and investment pools all of which are required to meet certain restrictive criteria.

3. *Receivables and Interfund Transactions*

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the year are referred to as either "interfund receivables/payables" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds" in the fund financial statements.

Advances between funds are offset by a fund balance reserve account in the applicable governmental fund to indicate they are not available for appropriation and are not expendable available financial resources.

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

4. *Capital Assets*

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental column in the government-wide financial statements. Capital assets, except for infrastructure assets, are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year.

Liberty County, Texas

NOTES TO THE FINANCIAL STATEMENTS, *Continued*

For the Year Ended September 30, 2015

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

Land and construction in progress are not depreciated. The other property, plant, equipment, and infrastructure of the primary government are depreciated using the straight-line method over the following estimated useful lives.

<u>Asset Description</u>	<u>Estimated Useful Lives</u>
Infrastructure	40 to 50 years
Vehicles	5 to 8 years
Furniture and fixtures	3 to 10 years
Buildings & improvements	30 years
Machinery & equipment	5-10 years

5. *Inventories and prepaid items*

The costs of governmental fund type inventories are recorded as expenditures when the related liability is incurred, (i.e., the purchase method). The inventories are valued at the lower of cost or market using the first-in/first-out method. Certain payments to vendors reflect costs applicable to future accounting periods (prepaid expenditures) are recognized as expenditures when utilized.

6. *Deferred outflows/inflows of resources*

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. An example is a deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from

Liberty County, Texas
NOTES TO THE FINANCIAL STATEMENTS, Continued
For the Year Ended September 30, 2015

the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from one source: property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amounts become available.

7. *Net position flow assumption*

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide statements, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the government's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

8. *Fund balance flow assumptions*

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

9. *Fund balance policies*

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government

Liberty County, Texas

NOTES TO THE FINANCIAL STATEMENTS, *Continued*

For the Year Ended September 30, 2015

itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The Commissioners' Court is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The governing body has by resolution authorized the county auditor to assign fund balance. The court may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

10. *Compensated absences*

The liability for compensated absences reported in the government-wide and proprietary fund statements consist of unpaid, accumulated vacation and compensatory time balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included. Vested or accumulated vacation leave and compensated leave of government-wide and proprietary funds are recognized as an expense and liability of those funds as the benefits accrue to employees.

It is the County's policy to liquidate compensated absences with future revenues rather than with currently available expendable resources. Accordingly, the County's governmental funds recognize accrued compensated absences when it is paid.

11. *Long-term obligations*

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. The long-term debt consists primarily of bonds payable and accrued compensated absences.

Liberty County, Texas

NOTES TO THE FINANCIAL STATEMENTS, *Continued*

For the Year Ended September 30, 2015

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements until due. The debt proceeds are reported as other financing sources, net of the applicable premium or discount and payments of principal and interest reported as expenditures. In the governmental fund types, issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures. However, claims and judgments paid from governmental funds are reported as a liability in the fund financial statements only for the portion expected to be financed from expendable available financial resources.

Long-term debt and other obligations, financed by proprietary funds, are reported as liabilities in the appropriate funds. For proprietary fund types, bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method, if material. Bonds payable are reported net of the applicable bond premium or discount.

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

12. *Estimates*

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

13. *Pensions*

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the Texas County & District Retirement System (TCDRS) and additions to/deductions from TCERS's Fiduciary Net Position have been determined on the same basis as they are reported by TCERS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Liberty County, Texas

NOTES TO THE FINANCIAL STATEMENTS, *Continued*

For the Year Ended September 30, 2015

F. Revenues and expenditures/expenses

1. *Program revenues*

Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

2. *Property taxes*

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

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position.

The governmental fund balance sheet includes reconciliation between *fund balance-total governmental funds* and *net position-governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that long-term liabilities, including bonds, are not due and payable in the current period and, therefore, are not reported in the funds.

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities.

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental states that, “the issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Also, governmental funds report the effect of

Liberty County, Texas
NOTES TO THE FINANCIAL STATEMENTS, Continued
For the Year Ended September 30, 2015

premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.”

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

The original budget is adopted by the Commissioners’ Court prior to the beginning of the year. The legal level of control is the department level for all funds. Management may not amend the budget without the approval of Commissioners’ Court.

Budgets are adopted for the general and most special revenue funds. Budgets are adopted on a GAAP basis for all budget funds except for the capital projects fund, which adopts a project length budget. Several supplemental budget appropriations were made for the year ended September 30, 2015.

A. Expenditures Exceeding Appropriations

For the year ended September 30, 2015, expenditures exceeded appropriations for the following major funds and departments:

Road and Bridge fund:	
Principal Payments	\$104,003

B. Deficit Fund Balances/Net Position

The government had an overall deficit in net position as of September 30, 2015:

Governmental Activities	\$429,055
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The following special revenue funds had a deficit fund balance as of September 30, 2015.

Law Library	\$680
Juvenile Probation	\$31,826
CDBG Hull Fresh Water District	\$11,066

The County’s self-insurance internal service fund had a deficit net position as of September 30, 2015.

Self-insurance Fund	\$1,752,968
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Liberty County, Texas
NOTES TO THE FINANCIAL STATEMENTS, Continued
For the Year Ended September 30, 2015

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Interest rate risk - In accordance with its investment policy, the County manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to five years or less.

Credit risk - State law and the County's investment policy limits investments to obligations of states, agencies, counties, cities and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent. Further, commercial paper must be rated not less than A-1 or P-1 or an equivalent rating by at least two nationally recognized credit rating agencies.

Custodial credit risk – deposits. In the case of deposits, this is the risk that in the event of a bank failure, the County's deposits may not be returned to it. The County's investment policy requires funds on deposit at the depository bank to be collateralized by securities and FDIC insurance. As of September 30, 2015, market values of pledged securities and FDIC insurance exceeded bank balances.

B. Receivables

The following comprise receivable balances at year end:

	<u>General</u>	<u>Road and Bridge</u>	<u>CDBG</u>	<u>Nonmajor</u>	<u>Total</u>
Taxes receivable	\$ 6,128,388	\$ 1,803,788	\$ -	\$ 721,597	\$ 8,653,773
Due from other governments	964,228	335,430	1,486,121	277,546	3,063,325
Other receivables	26,860	2,190	373	15,427	44,850
Less allowance	(4,184,333)	(1,278,841)	-	(511,784)	(5,974,958)
	<u>\$ 2,935,143</u>	<u>\$ 862,567</u>	<u>\$ 1,486,494</u>	<u>\$ 502,786</u>	<u>\$ 5,786,990</u>

Liberty County, Texas
NOTES TO THE FINANCIAL STATEMENTS, Continued
For the Year Ended September 30, 2015

C. Capital Assets

A summary of changes in capital assets for the year ended September 30, 2015, follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases/ Reclassifications</u>	<u>Ending Balances</u>
Capital assets, not being depreciated:				
Land	\$ 2,611,889	\$ 6,875	\$ -	\$ 2,618,764
Total capital assets not being depreciated	<u>2,611,889</u>	<u>6,875</u>	<u>-</u>	<u>2,618,764</u>
Capital assets, being depreciated:				
Buildings and improvements	17,418,909	-	(1,804,754)	15,614,155
Furniture, machinery, and equipment	16,418,952	1,208,284	(707,981)	16,919,255
Infrastructure	29,330,335	164,558	-	29,494,893
Total capital assets being depreciated	<u>63,168,196</u>	<u>1,372,842</u>	<u>(2,512,735)</u>	<u>62,028,303</u>
Less accumulated depreciation				
Buildings and improvements	12,153,389	412,822	(423,618)	12,142,593
Furniture, machinery, and equipment	12,479,305	1,005,285	(534,658)	12,949,932
Infrastructure	15,735,770	1,286,727	-	17,022,497
Total accumulated depreciation	<u>40,368,464</u>	<u>2,704,834</u>	<u>(958,276)</u>	<u>42,115,022</u>
Net capital assets being depreciated	<u>22,799,732</u>	<u>(1,331,992)</u>	<u>(1,554,459)</u>	<u>19,913,281</u>
Total Capital Assets	<u><u>\$ 25,411,621</u></u>	<u><u>\$ (1,325,117)</u></u>	<u><u>\$ (1,554,459)</u></u>	<u><u>\$ 22,532,045</u></u>

Depreciation was charged to governmental functions as follows:

General government	\$ 439,386
Judicial	63,461
Financial	41,368
Public safety	364,572
Public transportation	1,796,047
Total Depreciation Expense	<u><u>\$ 2,704,834</u></u>

Liberty County, Texas
NOTES TO THE FINANCIAL STATEMENTS, Continued
For the Year Ended September 30, 2015

D. Long-Term Debt

The following is a summary of changes in the County's total governmental long-term liabilities for the year ended September 30, 2015. In general, the County uses the road and bridge and debt service funds to liquidate governmental long-term liabilities.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>(Reductions)</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Bonds payable:					
Certificates of obligation	\$ 910,000	\$ -	\$ (25,000)	\$ 885,000	\$ 885,000
General obligation refunding bonds	14,965,000	-	(1,740,000)	13,225,000	380,000
Deferred amounts for:					
Issuance premiums	365,630	-	(26,116)	339,514	-
Total Bonds Payable	<u>16,240,630</u>	<u>-</u>	<u>(1,791,116)</u>	<u>14,449,514</u>	<u>1,265,000</u>
Obligations under capital leases	2,135,383	469,498	(567,566)	2,037,315	372,486
Compensated absences	582,589	627,758	(582,589)	627,758	564,982
Net pension liability	8,405,656	358,458	-	8,764,114	-
Other postemployment benefits	18,108,010	1,662,999	-	19,771,009	-
Total Governmental Activities	<u>\$ 45,472,268</u>	<u>\$ 3,118,713</u>	<u>\$ (2,941,271)</u>	<u>\$ 45,649,710</u>	<u>\$ 2,202,468</u>
Long-term liabilities due in greater than one year				<u>\$ 43,447,242</u>	

Long-term liabilities applicable to the County's governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities in the governmental funds. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.

Liberty County, Texas
NOTES TO THE FINANCIAL STATEMENTS, Continued
For the Year Ended September 30, 2015

A summary of the County's debt service requirements, including interest, is as follows:

	<u>Percentage Interest Rate</u>	<u>Original Amount</u>	<u>Balance</u>
Certificates of obligation			
Series 2007	4.00-4.30%	\$ 9,975,000	\$ 885,000
General obligation refunding			
Series 2010A	2.00-4.00%	\$ 10,140,000	\$ 3,640,000
Series 2012	1.71%	\$ 9,935,000	9,585,000
		Total	<u>\$ 13,225,000</u>
Capital leases			
	3.20-7.25%	\$ 2,859,089	\$ 2,037,315
		Total	<u><u>\$ 16,147,315</u></u>

Long-term debt obligations of the County as of September 30, 2015, are as follows:

<u>Year ending September 30,</u>	<u>General Obligation Bonds</u>		<u>Certificates of Obligation</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2016	380,000	309,504	885,000	35,400
2017	1,335,000	297,968	-	-
2018	1,360,000	269,987	-	-
2019	1,390,000	241,349	-	-
2020	1,420,000	211,970	-	-
2021	1,455,000	181,848	-	-
2022	1,490,000	150,899	-	-
2023	1,520,000	119,008	-	-
2024	1,550,000	86,375	-	-
2025	310,000	53,000	-	-
2026	325,000	40,600	-	-
2027	335,000	27,600	-	-
2028	355,000	14,200	-	-
Total	<u>\$ 13,225,000</u>	<u>\$ 2,004,306</u>	<u>\$ 885,000</u>	<u>\$ 35,400</u>

Liberty County, Texas
NOTES TO THE FINANCIAL STATEMENTS, Continued
For the Year Ended September 30, 2015

Year ending September 30,	Capital Leases		
	Principal	Interest	Total
2016	372,486	69,530	442,016
2017	381,078	55,146	436,224
2018	328,513	43,184	371,697
2019	296,221	31,860	328,081
2020	242,340	22,089	264,429
2021	205,084	13,632	218,716
2022	211,793	6,926	218,719
Total	\$ 2,037,515	\$ 242,367	\$ 2,279,882

The book value of machinery and equipment acquired under current capital lease obligations was a total of \$2,227,730.

The County is not obligated in any manner for special assessment debt.

E. Deferred Charges on Refunding

Deferred charges resulting from the issuance of series 2012 general obligation refunding bonds have been recorded as deferred outflows of resources and are being amortized to interest expense over the shorter of either the remaining term of the refunded debt or the refunding bonds. The original balance totaled \$1,069,942. The current year end balance totaled \$802,456 after current year amortization expense of \$89,162.

F. Interfund Transactions

Operating transfers between the primary government funds during the 2015 year were as follows:

Funds	Transfer in	Transfer out
General:	\$ 1,192	\$ -
Internal service		1,192
Nonmajor Governmental:	27,890	-
General	-	27,890
Road and Bridge:	360,000	-
Nonmajor Governmental	-	360,000
	\$ 389,082	\$ 389,082

Liberty County, Texas
NOTES TO THE FINANCIAL STATEMENTS, Continued
For the Year Ended September 30, 2015

The composition of interfund balances as of September 30, 2015, is as follows:

<u>Funds</u>	<u>Due from</u>	<u>Due to</u>
General:	\$ 2,630,703	\$ -
Nonmajor Governmental:	211,549	214,421
CDBG	-	39,490
Road and Bridge:	-	211,549
Internal service	-	2,376,792
	<u>\$ 2,842,252</u>	<u>\$ 2,842,252</u>

Amounts recorded as due to/from are considered to be temporary loans and will be repaid during the following year.

V. OTHER INFORMATION

A. Risk Management

The County is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, and natural disasters for which the County carries commercial insurance. In addition, the County participates along with 338 other entities in the Texas Association of Counties Workers' Compensation Self-Insurance Fund. The Texas Association of Counties created this pool in 1974 to insure the County for worker compensation related claims. This pool purchases commercial insurance at group rates for participants in the pool. The County has no additional risk or responsibility to either of the pools in which it participates, outside of payment of insurance premiums. The County has not significantly reduced insurance coverage or had settlements that exceeded coverage amounts for the past three years.

The County reports liabilities when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency, and amount of payout and other economic and social factors. The liability for claims and judgments is reported in the government-wide financial statements because it is not expected to be liquidated with expendable available financial resources. However, none are reported at September 30, 2015.

B. Contingent Liabilities

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if

Liberty County, Texas
NOTES TO THE FINANCIAL STATEMENTS, Continued
For the Year Ended September 30, 2015

any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the County expects such amounts, if any, to be immaterial.

The County is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the County's counsel that the maximum exposure of the pending lawsuits to the County will be between \$50,000 and \$70,000. The County has recognized the liability for this exposure in the governmental funds balance sheet at September 30, 2015.

The County entered into the Facility Operation and Management Agreement with Community Education Centers, Inc. (the "Operator") for operation, management, and maintenance (subject to certain limitations) of the County's jail facility. On October 1, 2015, the contract was amended. The contract will remain effective through September 30, 2018. Over the term of the contract, the daily rate paid to the operator for County and non-County inmates will be \$46.85 per day. During the current year, the County paid \$4,924,532 for housing County and non-County inmates.

The County has various operating agreements for office space, equipment, and services. Most agreements are for terms of one year or less or contain "funding clauses" enabling the County to cancel such agreements with nominal notice.

C. Arbitrage

The Tax Reform Act of 1986 instituted certain arbitrage consisting of complex regulations with respect to issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service at least every five years for applicable bond issues. Accordingly, there is the risk that if such calculations are not performed correctly, a substantial liability to the County could result. Although the County does not anticipate that it will have any arbitrage liability, it periodically engages an arbitrage consultant to perform the calculations in accordance with Internal Revenue Service's rules and regulations.

D. Deferred Compensation Plan

The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Service Code, Section 457. The plan permits employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until retirement, termination, death, or unforeseeable emergencies.

Liberty County, Texas

NOTES TO THE FINANCIAL STATEMENTS, *Continued*

For the Year Ended September 30, 2015

Federal law requires all assets and income of Section 457 plans to be held in trust, custodial accounts, or annuity contracts for the exclusive benefit of the participants and their beneficiaries. The County's deferred compensation plan is administered by a private corporation under contract with the County.

E. Health Care

The County maintains a self-insured health plan (the "Plan") for all eligible employees and retirees. The County contributed approximately \$4.9 million to the Plan to subsidize employee premiums during the year ended September 30, 2015. Employees are responsible for premiums for dependents. Health claim payments include the premiums for dependents' health insurance processed by a third party (Cigna Healthcare Insurance Company) acting on behalf of the County.

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

At year end, the County has recorded current health claim liabilities of \$400,351 in the internal service fund. These liabilities are based on requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred as of the date of the financial statements and the amount of loss can be reasonably estimated.

Changes in the balances of claims liabilities during the last two years ended September 30, are as follows:

	<u>2015</u>	<u>2014</u>
Beginning balance	\$ 343,918	\$ 431,594
Claims incurred	5,163,913	5,140,823
Claims paid	(5,107,480)	(5,228,499)
Ending Balance	<u>\$ 400,351</u>	<u>\$ 343,918</u>

F. Other Post Employee Benefits

Plan Description

The County administers a single-employer defined benefit Other Post Employment Benefits (OPEB) plan, known as the County Health Insurance Benefits (the "Program"). The Program offers medical, dental, and vision insurance benefits to eligible retirees and their spouses as

Liberty County, Texas

NOTES TO THE FINANCIAL STATEMENTS, *Continued*

For the Year Ended September 30, 2015

well as life insurance for retirees only. Employees who retire in accordance with the provisions of the TCDRS are covered as employees under the group health and related benefits program at the time of retirement, and are vested with the County are eligible to receive County health insurance benefits.

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

Retirement on or before December 31, 1996

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

Retirement on or after January 1, 1997

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

Dependent coverage ends upon the cessation of premium payments.

Funding Policy

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

Annual OPEB Cost

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

Liberty County, Texas

NOTES TO THE FINANCIAL STATEMENTS, *Continued*

For the Year Ended September 30, 2015

Annual required contribution	\$	2,718,107
Interest on OPEB obligation		543,240
Adjustment to annual required contribution		(910,303)
Annual OPEB cost expense		2,351,044
Contributions made		688,045
Change in net OPEB obligation		1,662,999
Net OPEB Obligation-beginning of year		18,108,010
Net OPEB Obligation-end of year	\$	19,771,009

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the program, and the net OPEB obligation for 2015 and the three preceding years are as follows:

Fiscal year	Annual OPEB Cost (ARC)	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation	
			Beginning	Ending
2012	\$ 3,596,334	18.65%	\$ -	\$ 11,405,922
2013	\$ 4,052,814	18.07%	\$ 11,405,922	\$ 14,726,360
2014	\$ 4,114,027	17.08%	\$ 14,726,360	\$ 18,108,010
2015	\$ 2,351,044	29.27%	\$ 18,108,010	\$ 19,771,009

Funded Status and Funding Progress

As of October 1, 2014, the most recent actuarial valuation date, the Program was 0.00 percent funded. The actuarial accrued liability for benefits was \$23,292,292, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$23,292,292.

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

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive program (the program as understood by the employer and the Program members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of

Liberty County, Texas
NOTES TO THE FINANCIAL STATEMENTS, Continued
For the Year Ended September 30, 2015

benefit costs between the employer and Program members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The following is a summary of the actuarial assumptions:

Actuarial Cost Method	Projected unit credit
Amortization Method	Level dollar
Remaining Amortization Period	30 years
Asset Valuation Method	N/A
Investment Rate of Return	3.00%
Healthcare Cost Trend Rate (Initial/Ultimate)	13.0%/5.0%

G. Defined Benefit Pension Plan

Plan Description

The County provides retirement, disability, and death benefits for all of its full-time employees through a nontraditional defined benefit pension plan in the statewide Texas County and County Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of 656 nontraditional defined benefit pension plans. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available upon written request from the TCDRS Board of Trustees at: P. O. Box 2034, Austin, Texas 78768-2034.

Benefits Provided

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

Benefit amounts are determined by the sum of the employee's contribution to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is

Liberty County, Texas

NOTES TO THE FINANCIAL STATEMENTS, *Continued*

For the Year Ended September 30, 2015

adopted by the Commissioners' Court within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the employer's commitment to contribute. At retirement, death, or disability, the benefit is calculated by converting the sum of the employee's accumulated contributions and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

Funding Policy

The County has elected the annually determined contribution rate (ACDR) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually. The County contributed using the actuarially determined rate of 17.12% for the months of the accounting year in 2014 and 16.78% for the months of the accounting year in 2015.

The Commissioners' Court adopted the rate of 7% as the contribution rate payable by the employee members for calendar year 2015. The Commissioners' Court may change the employee contribution rate and the employer contribution rate within the options available in the TCDRS Act.

Contributions

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Annual Req. Contribution (ARC)	\$ 2,261,985	\$ 2,171,362	\$ 1,939,980
Contributions made	\$ (2,261,985)	\$ (2,171,362)	\$ (1,939,980)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Annual Pension Costs

The County's schedule of funding information can be found in the Required Supplemental Information section of this report.

Liberty County, Texas
NOTES TO THE FINANCIAL STATEMENTS, Continued
For the Year Ended September 30, 2015

The required contribution rates for fiscal year 2015 were determined as part of the December 31, 2013 and 2014 actuarial valuations. Additional information as of the latest actuarial valuation, December 31, 2014, also follows:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent of Payroll
Remaining Amortization Period	20 Years - Closed Period
Asset Valuation Method	5-yr smoothed value
	ESF: Fund value
Investment Rate of Return	8.1%
Projected Salary Increases	5.4%
Includes Inflation at	3.5%
Cost of Living Adjustments	None

At the December 31, 2014 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	226
Inactive employees entitled to but not yet receiving benefits	202
Active employees	335
Total	<u>763</u>

Three-Year Contribution Information:

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Annual Determined Contribution Cost (ADRC)	\$ 2,261,985	\$ 2,171,362	\$ 1,939,980
Actual Contributions Made	\$ (2,261,985)	\$ (2,171,362)	\$ (1,939,980)
Percentage of APC Made	100%	100%	100%
Net Pension Obligation/Asset	-	-	-
NPO at End of Period	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Net Pension Liability

The County's Net Pension Liability (NPL) was measured as of December 31, 2014, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Liberty County, Texas
NOTES TO THE FINANCIAL STATEMENTS, Continued
For the Year Ended September 30, 2015

Actuarial assumptions:

The Total Pension Liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions:

Inflation	3.0% per year
Overall payroll growth	0 – 3.5% per year depending on experience
Investment Rate of Return	8.1%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Table.

Actuarial assumptions used in the December 31, 2014, valuation were based on the results of an actuarial experience study for the period January 1, 2009 – December 31, 2012, except where required to be different by GASB 68.

The long-term expected rate of return on pension plan investments is 8.1% gross of administrative expenses. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TCDRS Board of Trustees. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TCDRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Liberty County, Texas
NOTES TO THE FINANCIAL STATEMENTS, Continued
For the Year Ended September 30, 2015

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

Asset Class	Benchmark	Target Allocation ⁽¹⁾	Geometric Real Rate of Return (Expected minus inflation) ⁽²⁾
US Equities	Dow Jones U.S. Total Stock Market Index	16.50%	5.35%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index ⁽³⁾	12.00%	8.35%
Global Equities	MSCI World (net) Index	1.50%	5.65%
International Equities – Developed	50% MSCI World Ex USA (net) + 50% MSCI World ex USA 100% Hedged to USD (net) Index	11.00%	5.35%
International Equities – Emerging	50% MSCI EM Standard (net) Index + 50% MSCI EM 100% Hedged to USD (net) Index	9.00%	6.35%
Investment-Grade Bonds	Barclays Capital Aggregate Bond Index	3.00%	0.55%
High-Yield Bonds	Citigroup High-Yield Cash-Pay Capped Index	3.00%	3.75%
Opportunistic Credit	Citigroup High-Yield Cash-Pay Capped Index	5.00%	5.54%
Direct Lending	Citigroup High-Yield Cash-Pay Capped Index	2.00%	5.80%
Distressed Debt	Citigroup High-Yield Cash-Pay Capped Index	3.00%	6.75%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% FRSE EPRA/NAREIT Global Real Estate Index	2.00%	4.00%
Commodities	Bloomberg Commodities Index	2.00%	-0.20%
Master Limited Partnerships (MLPs)	Alerian MLP Index	2.00%	5.30%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index ⁽⁴⁾	3.00%	7.20%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	25.0%	5.15%

(1) Target asset allocation adopted at the April 2015 TCDRS Board meeting.

(2) Geometric real rates of return in addition to assumed inflation of 1.7%, per Cliffwater's 2015 capital market assumptions.

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

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

Liberty County, Texas
NOTES TO THE FINANCIAL STATEMENTS, Continued
For the Year Ended September 30, 2015

Discount Rate:

The discount rate used to measure the Total Pension Liability was 8.10%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Changes in the Net Pension Liability:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balance at 12/31/13	\$ 64,442,518	\$ 56,036,862	\$ 8,405,656
Changes for the year:			
Service Cost	2,003,568	-	2,003,568
Interest on total pension liability ⁽¹⁾	5,155,196	-	5,155,196
Effect of economic/demographic gains or losses	63,539	-	63,539
Refund of contributions	(202,625)	(202,625)	-
Benefit payments	(3,428,875)	(3,428,875)	-
Administrative expense	-	(44,405)	44,405
Member contributions	-	913,602	(913,602)
Net investment income	-	3,810,026	(3,810,026)
Employer contributions	-	2,234,405	(2,234,405)
Other ⁽²⁾	-	(49,783)	49,783
Net changes	3,590,803	3,232,345	358,458
Balance at 12/31/14	\$ 68,033,321	\$ 59,269,207	\$ 8,764,114

(1) Reflects the change in the liability due to the time value of money. TCDRS does not charge fees or interest.

(2) Relates to allocation of system-wide items.

Liberty County, Texas
NOTES TO THE FINANCIAL STATEMENTS, Continued
For the Year Ended September 30, 2015

Sensitivity of the net pension liability to changes in the discount rate

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

1% Decrease 7.10%	Current Single Rate Assumption 8.10%	1% Increase 9.10%
\$ 16,791,687	\$ 8,764,114	\$ 2,113,132

Pension Plan Fiduciary Net Position:

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TCDRS financial report. That report may be obtained on the internet at www.tcdrs.com.

Pension Expense and Deferred Outflows of Resources Related to Pensions

For the year ended September 30, 2015, the County recognized pension expense of \$1,944,869.

At September 30, 2015, the County reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources
Difference between projected and investment earnings	\$ 600,339
Differences between expected and actual economic experience	47,654
Contributions subsequent to the measurement date	1,680,516
Total	\$ 2,328,509

The County reported \$1,680,516 as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability for the year ending September 30, 2016.

Liberty County, Texas
NOTES TO THE FINANCIAL STATEMENTS, Continued
For the Year Ended September 30, 2015

Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended September 30:	
2016	\$ 165,969
2017	165,969
2018	165,969
2019	150,086
	\$ 647,993

H. Restatement

Due to the implementation of GASB No. 68, the County restated its beginning net position within government activities to properly reflect the net pension liability and deferred outflows of resources as prescribed by this accounting standard. This adjustment was recorded at the government wide level only and had no impact on the fund basis statements. In addition, the County restated beginning net position/fund balance due to the recognition of property tax receivables and an interfund payable/receivable. The below table summarizes the changes to net position as a result of this change in accounting method.

	Governmental Activities	General	Road and Bridge	Nonmajor Governmental
Prior year ending net position, as reported				
fund balance as reported	\$ 8,485,460	\$ 9,862,049	\$ 1,598,614	\$ 3,567,315
Addition of net pension liability	(8,405,656)	-	-	-
Addition of deferred outflow of resources due to pension contributions	1,652,936	-	-	-
Recognition of property tax receivables available for current liabilities	-	167,143	53,602	18,613
Recognition of interfund payable/receivable	-	-	(377,554)	377,554
Restated beginning net position/fund balance	\$ 1,732,740	\$ 10,029,192	\$ 1,274,662	\$ 3,963,482

I. New Accounting Pronouncements

The County has adopted the provision of Governmental Accounting Standard Board (GASB) Statement No. 68, entitled *Accounting and Financial Reporting for Pensions, an amendment of GASB Statement No. 27 and Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date*. As part of GASB 68 the County is required to record its net pension liability.

Liberty County, Texas
NOTES TO THE FINANCIAL STATEMENTS, Continued
For the Year Ended September 30, 2015

GASB also issued Statement No. 69, entitled *Government Combinations and Disposals of Government Operation*, and GASB Statement No. 70, entitled *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. Both statements were adopted this fiscal year but had no effect on these accompanying financial statements.

The, GASB has issued Statement No. 72, entitled *Fair Value Measurement and Application*; Statement No. 73, entitled, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to certain Provisions of GASB Statements 67 and 68*; GASB Statement No. 74 entitled, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*; GASB Statement No. 75, entitled, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*; GASB Statement No. 76; entitled, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Government*; and GASB Statement No. 77; entitled, *Tax Abatement Disclosures, which will require adoption in the future, if applicable*. These statements may or will have a material effect on the County's financial statements once implemented. The County will be analyzing the effects of these pronouncements and plans to adopt them as applicable by their effective date.

J. Subsequent Events

Subsequent to year end, the County purchased a tractor and boom mover for \$129,118. The County also approved a capital lease for a tractor totaling \$109,118.

There were no other material subsequent events through June 27, 2016, the date the financial statements were issued.

REQUIRED SUPPLEMENTARY INFORMATION

Liberty County, Texas

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Page 1 of 2)

For the Year Ended September 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues				
Property taxes	\$ 19,531,000	\$ 19,531,000	\$ 20,515,768	\$ 984,768
Sales taxes	3,600,000	3,600,000	3,701,970	101,970
Other taxes	41,500	41,500	49,021	7,521
Licenses and permits	245,000	407,000	422,296	15,296
Fines and forfeitures	2,277,000	2,277,000	2,410,314	133,314
Charges for services	325,000	349,000	286,340	(62,660)
Intergovernmental revenue	569,663	573,427	593,258	19,831
Investment income	150,000	150,000	131,544	(18,456)
Other revenue	232,700	232,700	151,604	(81,096)
Total Revenues	26,971,863	27,161,627	28,262,115	1,100,488
Expenditures				
General government:				
Commissioners' court	442,780	417,880	417,790	90
County clerk	859,475	849,475	845,807	3,668
Veterans services	159,003	169,994	156,845	13,149
General administration	2,237,900	2,182,273	2,073,805	108,468
Building maintenance	472,912	472,912	466,786	6,126
Employee benefits	520,000	290,000	282,720	7,280
	4,692,070	4,382,534	4,243,753	138,781
Judicial:				
County judge	404,343	404,343	394,439	9,904
Justice courts	1,066,028	1,076,156	1,062,518	13,638
County court at law	649,120	670,195	665,095	5,100
District clerk	577,293	614,293	606,979	7,314
District judges	1,248,915	1,282,986	1,257,008	25,978
Court costs	505,500	470,500	461,584	8,916
	4,451,199	4,518,473	4,447,623	70,850
Legal:				
County attorney	680,901	701,901	699,987	1,914
District attorney	1,185,314	1,181,424	1,174,521	6,903
	1,866,215	1,883,325	1,874,508	8,817
Financial:				
County auditor	447,014	467,972	466,862	1,110
County treasurer	310,680	310,680	308,406	2,274
Tax assessor-collector	748,991	738,991	734,919	4,072
Data processing	327,500	365,000	360,988	4,012
Central appraisal district	744,601	715,601	714,670	931
	2,578,786	2,598,244	2,585,845	12,399

Liberty County, Texas

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Page 2 of 2)

For the Year Ended September 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		Positive (Negative)
Public safety:				
Sheriff	5,464,323	5,578,187	5,460,724	117,463
Juvenile probation	341,034	341,034	315,229	25,805
Jail operations	5,060,000	4,928,209	4,924,532	3,677
Constables	1,306,094	1,334,914	1,312,507	22,407
Fire marshall	300,260	461,435	461,336	99
Emergency management	253,019	205,675	206,515	(840)
	<u>12,724,730</u>	<u>12,849,454</u>	<u>12,680,843</u>	<u>168,611</u>
Health and welfare:				
Public welfare	504,000	620,696	605,716	14,980
Indigent services	613,399	463,399	426,619	36,780
	<u>1,117,399</u>	<u>1,084,095</u>	<u>1,032,335</u>	<u>51,760</u>
Other:				
Extension service	289,403	289,403	237,984	51,419
Engineering and permits	228,951	228,951	228,123	828
Special projects	217,284	195,061	185,451	9,610
Capital outlay	186,900	487,771	476,851	10,920
Debt service:				
Principal	169,078	169,078	169,078	-
Interest	49,638	49,638	49,638	-
	<u>1,141,254</u>	<u>1,419,902</u>	<u>1,347,125</u>	<u>72,777</u>
Total Expenditures	<u>28,571,653</u>	<u>28,736,027</u>	<u>28,212,032</u>	<u>523,995</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(1,599,790)</u>	<u>(1,574,400)</u>	<u>50,083</u>	<u>1,624,483</u>
Other Financing Sources (Uses)				
Transfers in	-	-	1,192	1,192
Transfers (out)	-	(25,390)	(27,890)	(2,500)
Total	<u>-</u>	<u>(25,390)</u>	<u>(26,698)</u>	<u>(1,308)</u>
Net Change in Fund Balance	<u>\$ (1,599,790)</u>	<u>\$ (1,599,790)</u>	<u>23,385</u>	<u>\$ 1,623,175</u>
Beginning fund balance			<u>10,029,192</u>	
Ending Fund Balance			<u>\$ 10,052,577</u>	

Notes to Required Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

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Liberty County, Texas
ROAD AND BRIDGE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended September 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property taxes	\$ 4,865,935	\$ 4,865,935	\$ 5,046,914	\$ 180,979
Fines and forfeitures	1,680,000	1,711,000	1,668,081	(42,919)
Intergovernmental revenue	57,000	462,168	462,768	600
Other revenue	111,500	223,653	279,472	55,819
Total Revenues	<u>6,714,435</u>	<u>7,262,756</u>	<u>7,457,235</u>	<u>194,479</u>
Expenditures				
Public transportation:				
Precinct No. 1	1,394,810	1,538,700	1,449,678	89,022
Precinct No. 2	2,352,138	2,604,350	2,281,457	322,893
Precinct No. 3	1,119,431	1,277,102	1,214,050	63,052
Precinct No. 4	1,629,426	1,804,814	1,492,490	312,324
	<u>6,495,805</u>	<u>7,224,966</u>	<u>6,437,675</u>	<u>787,291</u>
Other:				
Capital outlay	212,000	1,083,230	616,011	467,219
Landfill and solid waste	940,700	547,832	545,031	2,801
	<u>1,152,700</u>	<u>1,631,062</u>	<u>1,161,042</u>	<u>470,020</u>
Debt service:				
Principal	313,353	294,485	398,488	(104,003) *
Interest	24,647	24,647	24,647	-
	<u>338,000</u>	<u>319,132</u>	<u>423,135</u>	<u>(104,003)</u>
Total Expenditures	<u>7,986,505</u>	<u>9,175,160</u>	<u>8,021,852</u>	<u>1,153,308</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures				
	(1,272,070)	(1,912,404)	(564,617)	1,347,787
Other Financing Sources (Uses)				
Transfers in (out)	360,000	360,000	360,000	-
Capital lease issuance	-	640,334	469,498	(170,836)
Total	<u>360,000</u>	<u>1,000,334</u>	<u>829,498</u>	<u>(170,836)</u>
Net Change in Fund Balance	<u>\$ (912,070)</u>	<u>\$ (912,070)</u>	<u>264,881</u>	<u>\$ 1,176,951</u>
Beginning fund balance			1,274,662	
Ending Fund Balance			<u>\$ 1,539,543</u>	

Notes to Required Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
- * 2. Expenditures exceeded appropriations at the legal level of control.

Liberty County, Texas

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

For The Year Ended December 31, 2014

	2014 ¹
Total pension liability	
Service cost	\$ 2,003,568
Interest (on the Total Pension Liability)	5,155,196
Changes in benefit terms	-
Differences between expected and actual experience	63,539
Changes of assumptions	-
Benefit payments, including refunds of participant contributions	(3,631,500)
Net change in total pension liability	3,590,803
Total pension liability - beginning	64,442,518
Total pension liability - ending (a)	\$ 68,033,321
Plan fiduciary net position	
Contributions - employer	\$ 2,234,405
Contributions - members	913,602
Net investment income	3,810,026
Benefit payments, including refunds of participant contributions	(3,631,500)
Administrative expenses	(44,404)
Other	(49,784)
Net change in plan fiduciary net position	3,232,345
Plan fiduciary net position - beginning	56,036,862
Plan fiduciary net position - ending (b)	\$ 59,269,207
Fund's net pension liability - ending (a) - (b)	\$ 8,764,114
Plan fiduciary net position as a percentage of the total pension liability	87.12%
Covered employee payroll	13,051,454
Fund's net position as a percentage of covered employee payroll	67.15%

Notes to schedule:

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

Liberty County, Texas

SCHEDULE OF EMPLOYER CONTRIBUTIONS TO PENSION PLAN

For The Year Ended September 30, 2015

		9/30/2015	1
Actuarially determined employer contributions	\$	2,261,985	
Contributions in relation to the actuarially determined contribution	\$	2,261,985	
Contribution deficiency (excess)	\$	-	
Annual covered employee payroll	\$	13,411,424	
Employer contributions as a percentage of covered employee payroll		16.87%	

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

NOTES TO SCHEDULE OF EMPLOYER CONTRIBUTIONS TO PENSION PLAN

Valuation Date:

Notes Actuarially determined contribution rates are calculated as of December 31 and become effective in January 13 months later.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	20 years
Asset Valuation Method	5 years, non-asymptotic, no corridor
Inflation	3.0%
Salary Increases	Range from 0 - 3.5%
Investment Rate of Return	8.10%
Retirement Age	Start at age 40 and go through age 74. All eligible members ages 75 and later are assumed to be retired.

Mortality RP2000 Combined Mortality Tables

Other Information:

Notes There were no benefit changes during the year.

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Liberty County, Texas
SCHEDULE OF FUNDING PROGRESS
POST EMPLOYMENT HEALTHCARE BENEFITS

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

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***COMBINING STATEMENTS
AND SCHEDULES***

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Liberty County, Texas

NONMAJOR GOVERNEMENTAL FUND DESCRIPTIONS

September 30, 2015

SPECIAL REVENUE FUNDS

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

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

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

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

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

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

CDBG Hull Fresh Water Fund - The CDBG Hull Fresh Water fund accounts for revenues received from the Texas Department of Agriculture to construct water line improvements.

Homeland Security Fund - The Homeland Security fund accounts for revenues received from the Texas Engineering Extension Service to purchase equipment for the prevention of and response to potential terrorist acts.

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

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

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

District Attorney Programs Fund - The District Attorney Programs fund accounts for revenues received from the State of Texas. Fees deposited in this fund are used to cover expenses for special investigation, welfare fraud, and crime prevention.

Liberty County, Texas

NONMAJOR GOVERNEMENTAL FUND DESCRIPTIONS (continued)

September 30, 2015

SPECIAL REVENUE FUNDS (continued)

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

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

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

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

County Constable Seizures Fund - The County Constable Seizures fund accounts for drug seizure funds from drug related arrests. Funds are restricted for law enforcement purposes.

County Sheriff Programs Fund - The County Sheriff Programs fund accounts for revenues received by the Sheriffs office for participation in the seizure of property during criminal investigation. Funds are restricted for law enforcement purposes.

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

CSCD Civil Fees Fund - The CSCD Civil Fees fund accounts for revenues received for supervising misdemeanor and felony offenders.

CDBG Disaster Recovery Fund - The CDBG Disaster Recovery fund accounts for Community Development Block Grant revenues received for disaster recovery relief.

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

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

Liberty County, Texas

NONMAJOR GOVERNEMENTAL FUND DESCRIPTIONS *(continued)*

September 30, 2015

SPECIAL REVENUE FUNDS *(continued)*

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

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

COPS Grant Fund - The COPS Grant fund accounts for revenues received from the Texas Department of Public Safety.

County and District Court Technology Fund - The County and District Court Technology fund accounts for services provided by the County and District Clerk.

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

FEMA Grant Fund - The FEMA Grant fund accounts for revenues received from the Federal Emergency Management Agency.

TDHCA Grant Fund - The TDHCA grant fund is used to account for revenues and expenditures received for the Texas Department of Housing and Community Affairs grant.

Elections Service Contract - The Elections Service Contract accounts for revenues related to county election.

DEBT SERVICE FUND

Debt Service Fund - This fund is used to account for the accumulation of resources for and the payment of long-term liabilities (principal, interest, and other related costs).

Liberty County, Texas
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (page 1 of 4)
September 30, 2015

Special Revenue Funds

	Land Acquisition	Courthouse Security	Law Library	Juvenile Probation
Assets				
Cash and cash equivalents	\$ 1,155,517	\$ 98,310	\$ 5,774	\$ -
Receivables, net	-	-	-	1,786
Due from other governments	26,030	895	-	-
Due from others	211,549	-	630	-
Total Assets	\$ 1,393,096	\$ 99,205	\$ 6,404	\$ 1,786
Liabilities and Fund Balances				
Liabilities:				
Accounts payable and accrued liabilities	\$ 14,363	\$ -	\$ 7,085	\$ -
Due to others	-	-	-	-
Due to other funds	-	-	-	33,613
Total Liabilities	14,363	-	7,085	33,613
Deferred Inflows of Resources				
Unavailable revenue - property taxes	-	-	-	-
Fund Balances:				
Restricted for:				
Community development	1,378,733	-	-	-
Public safety	-	99,205	-	-
Judicial	-	-	-	-
Records management	-	-	-	-
Debt service	-	-	-	-
Unassigned	-	-	(681)	(31,827)
Total Fund Balances	1,378,733	99,205	(681)	(31,827)
Total Liabilities and Fund Balances	\$ 1,393,096	\$ 99,205	\$ 6,404	\$ 1,786

Special Revenue Funds

DARE	Commissary	CDBG Hull Fresh Water District	Homeland Security	Commissioners' Court Records Management	District Attorney Federal Forfeiture
\$ 5,926	\$ 61,095	\$ -	\$ 25,447	\$ 318,646	\$ 26,384
-	-	-	-	-	-
-	-	172,605	-	135	-
-	-	14,797	-	-	-
<u>\$ 5,926</u>	<u>\$ 61,095</u>	<u>\$ 187,402</u>	<u>\$ 25,447</u>	<u>\$ 318,781</u>	<u>\$ 26,384</u>
\$ -	\$ -	\$ 63,505	\$ -	\$ 1,421	\$ -
-	-	-	-	-	-
-	-	134,963	-	-	-
-	-	198,468	-	1,421	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
5,926	61,095	-	25,447	-	26,384
-	-	-	-	-	-
-	-	-	-	317,360	-
-	-	-	-	-	-
-	-	(11,066)	-	-	-
<u>5,926</u>	<u>61,095</u>	<u>(11,066)</u>	<u>25,447</u>	<u>317,360</u>	<u>26,384</u>
<u>\$ 5,926</u>	<u>\$ 61,095</u>	<u>\$ 187,402</u>	<u>\$ 25,447</u>	<u>\$ 318,781</u>	<u>\$ 26,384</u>

Liberty County, Texas

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS (page 2 of 4)

September 30, 2015

Special Revenue Funds

	District Attorney	District Attorney Programs	District Clerk TDCJ	District Clerk Child Support
Assets				
Cash and cash equivalents	\$ 46,984	\$ 386,793	\$ 17,136	\$ 52,168
Receivables, net	-	-	-	-
Due from other governments	-	-	-	5,159
Due from others	-	-	-	-
Total Assets	\$ 46,984	\$ 386,793	\$ 17,136	\$ 57,327
Liabilities and Fund Balances				
Liabilities:				
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 219	\$ -
Due to others	19,358	-	-	-
Due to other funds	-	-	-	-
Total Liabilities	19,358	-	219	-
Deferred Inflows of Resources				
Unavailable revenue - property taxes	-	-	-	-
Fund Balances:				
Restricted for:				
Community development	-	-	-	-
Public safety	-	-	-	-
Judicial	27,626	386,793	16,917	57,327
Records management	-	-	-	-
Debt service	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	27,626	386,793	16,917	57,327
Total Liabilities and Fund Balances	\$ 46,984	\$ 386,793	\$ 17,136	\$ 57,327

Special Revenue Funds

District Clerk Records Management	County Attorney Check Collections	County Constable Seizures	County Sheriff Programs	JP Technology	CSCD Civil Fee
\$ 36,208	\$ 28,404	\$ 37,401	\$ 730,992	\$ 157,586	\$ 37,816
-	-	-	-	-	-
-	-	-	-	366	-
-	-	-	-	-	-
<u>\$ 36,208</u>	<u>\$ 28,404</u>	<u>\$ 37,401</u>	<u>\$ 730,992</u>	<u>\$ 157,952</u>	<u>\$ 37,816</u>
\$ -	\$ 216	\$ -	\$ 25	\$ 684	\$ -
-	-	19,175	725,119	-	-
-	-	-	-	-	-
<u>-</u>	<u>216</u>	<u>19,175</u>	<u>725,144</u>	<u>684</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
-	-	18,226	5,848	157,268	37,816
-	-	-	-	-	-
36,208	28,188	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>36,208</u>	<u>28,188</u>	<u>18,226</u>	<u>5,848</u>	<u>157,268</u>	<u>37,816</u>
<u>\$ 36,208</u>	<u>\$ 28,404</u>	<u>\$ 37,401</u>	<u>\$ 730,992</u>	<u>\$ 157,952</u>	<u>\$ 37,816</u>

Liberty County, Texas

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS (page 3 of 4)

September 30, 2015

Special Revenue Funds

	CDBG Disaster Recovery	County Clerk Records Management	Pre-trial Diversion	Child Crimes Special Investigator
Assets				
Cash and cash equivalents	\$ -	\$ 283,399	\$ 184,625	\$ 227
Receivables, net	-	-	-	-
Due from other governments	18,169	4,175	-	7,387
Due from others	-	-	-	-
Total Assets	\$ 18,169	\$ 287,574	\$ 184,625	\$ 7,614
Liabilities and Fund Balances				
Liabilities:				
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ -
Due to others	-	-	-	-
Due to other funds	18,169	-	-	7,388
Total Liabilities	18,169	-	-	7,388
Deferred Inflows of Resources				
Unavailable revenue - property taxes	-	-	-	-
Fund Balances:				
Restricted for:				
Community development	-	-	-	-
Public safety	-	-	184,625	-
Judicial	-	-	-	-
Records management	-	287,574	-	-
Debt service	-	-	-	-
Unassigned	-	-	-	226
Total Fund Balances	-	287,574	184,625	226
Total Liabilities and Fund Balances	\$ 18,169	\$ 287,574	\$ 184,625	\$ 7,614

Special Revenue Funds

Adult Gang Investigator	DRS TDRA Grant	COPS Grant	County & District Court Tech	County Record Preservation	FEMA Grant
\$ -	\$ 10,049	\$ 31,045	\$ 12,406	\$ 61,829	\$ 16,541
-	-	-	-	-	-
20,288	-	-	9	180	-
-	-	-	-	-	-
<u>\$ 20,288</u>	<u>\$ 10,049</u>	<u>\$ 31,045</u>	<u>\$ 12,415</u>	<u>\$ 62,009</u>	<u>\$ 16,541</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
20,288	-	-	-	-	-
<u>20,288</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
-	10,049	-	-	-	16,541
-	-	31,045	-	-	-
-	-	-	12,415	-	-
-	-	-	-	62,009	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>10,049</u>	<u>31,045</u>	<u>12,415</u>	<u>62,009</u>	<u>16,541</u>
<u>\$ 20,288</u>	<u>\$ 10,049</u>	<u>\$ 31,045</u>	<u>\$ 12,415</u>	<u>\$ 62,009</u>	<u>\$ 16,541</u>

Liberty County, Texas

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS (page 4 of 4)

September 30, 2015

	Special Revenue Funds			Total Nonmajor Governmental Funds
	TDHCA Grant	Elections Service Contract	Debt Service	
<u>Assets</u>				
Cash and cash equivalents	\$ 2,250	\$ 19,591	\$ 266,432	\$ 4,116,981
Receivables, net	-	-	208,027	209,813
Due from other governments	-	-	22,148	277,546
Due from others	-	-	-	226,976
Total Assets	\$ 2,250	\$ 19,591	\$ 496,607	\$ 4,831,316
 <u>Liabilities and Fund Balances</u>				
Liabilities:				
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ 87,518
Due to others	-	-	-	763,652
Due to other funds	-	-	-	214,421
Total Liabilities	-	-	-	1,065,591
<u>Deferred Inflows of Resources</u>				
Unavailable revenue - property taxes	-	-	189,020	189,020
 Fund Balances:				
Restricted for:				
Community development	2,250	-	-	1,407,573
Public safety	-	-	-	652,885
Judicial	-	-	-	501,078
Records management	-	19,591	-	750,930
Debt service	-	-	307,587	307,587
Unassigned	-	-	-	(43,348)
Total Fund Balances	2,250	19,591	307,587	3,576,705
Total Liabilities and Fund Balances	\$ 2,250	\$ 19,591	\$ 496,607	\$ 4,831,316

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Liberty County, Texas

*COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (page 1 of 4)
For the Year Ended September 30, 2015*

	Special Revenue Funds			
	Land Acquisition	Courthouse Security	Law Library	Juvenile Probation
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures	322,534	58,670	43,575	-
Charges for services	-	-	-	-
Intergovernmental	-	-	-	347,877
Investment income	-	-	-	-
Other revenue	-	-	-	-
Total Revenues	322,534	58,670	43,575	347,877
Expenditures				
Current:				
General government	-	-	-	-
Judicial	-	50,146	64,341	-
Legal	-	-	-	-
Public safety	-	-	-	392,524
Public transportation	274,571	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total Expenditures	274,571	50,146	64,341	392,524
Excess (Deficiency) of Revenues Over (Under) Expenditures	47,963	8,524	(20,766)	(44,647)
Other Financing Sources (Uses)				
Transfers in	-	-	24,000	-
Transfers (out)	(360,000)	-	-	-
Total Other Financing Sources (Uses)	(360,000)	-	24,000	-
Net Change in Fund Balances	(312,037)	8,524	3,234	(44,647)
Beginning fund balances	1,690,770	90,681	(3,915)	12,820
Ending Fund Balances	\$ 1,378,733	\$ 99,205	\$ (681)	\$ (31,827)

Special Revenue Funds

DARE	Commissary	CDBG Hull Fresh Water District	Homeland Security	Commissioners' Court Records Management	District Attorney Federal Forfeiture
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	24,669	-
-	47,903	-	-	-	-
-	-	191,467	-	-	-
-	-	-	-	-	-
1,357	-	-	-	-	-
<u>1,357</u>	<u>47,903</u>	<u>191,467</u>	<u>-</u>	<u>24,669</u>	<u>-</u>
-	-	10,900	-	7,054	-
-	-	-	-	-	-
-	-	-	-	-	-
5,405	44,648	-	-	-	-
-	-	-	-	-	-
-	-	191,633	-	10,152	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>5,405</u>	<u>44,648</u>	<u>202,533</u>	<u>-</u>	<u>17,206</u>	<u>-</u>
<u>(4,048)</u>	<u>3,255</u>	<u>(11,066)</u>	<u>-</u>	<u>7,463</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>(4,048)</u>	<u>3,255</u>	<u>(11,066)</u>	<u>-</u>	<u>7,463</u>	<u>-</u>
<u>9,974</u>	<u>57,840</u>	<u>-</u>	<u>25,447</u>	<u>309,897</u>	<u>26,384</u>
<u>\$ 5,926</u>	<u>\$ 61,095</u>	<u>\$ (11,066)</u>	<u>\$ 25,447</u>	<u>\$ 317,360</u>	<u>\$ 26,384</u>

Liberty County, Texas

*COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (page 2 of 4)
For the Year Ended September 30, 2015*

	Special Revenue Funds			
	District Attorney	District Attorney Programs	District Clerk TDCJ	District Clerk Child Support
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures	6,338	47,403	-	-
Charges for services	-	-	-	-
Intergovernmental	9,600	-	-	52,212
Investment income	-	-	-	-
Other revenue	-	-	-	-
Total Revenues	15,938	47,403	-	52,212
Expenditures				
Current:				
General government	-	-	-	-
Judicial	-	-	3,223	45,898
Legal	19,708	43,319	-	-
Public safety	-	-	-	-
Public transportation	-	-	-	-
Capital outlay	-	16,249	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total Expenditures	19,708	59,568	3,223	45,898
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,770)	(12,165)	(3,223)	6,314
Other Financing Sources (Uses)				
Transfers in	3,890	-	-	-
Transfers (out)	-	-	-	-
Total Other Financing Sources (Uses)	3,890	-	-	-
Net Change in Fund Balances	120	(12,165)	(3,223)	6,314
Beginning fund balances	27,506	398,958	20,140	51,013
Ending Fund Balances	\$ 27,626	\$ 386,793	\$ 16,917	\$ 57,327

Special Revenue Funds

District Clerk Records Management	County Attorney Check Collections	County Constable Seizures	County Sheriff Programs	JP Technology	CSCD Civil Fee
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
16,265	7,567	-	-	24,304	-
-	-	-	-	-	33,554
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>16,265</u>	<u>7,567</u>	<u>-</u>	<u>-</u>	<u>24,304</u>	<u>33,554</u>
-	-	-	-	-	-
10,154	-	-	-	14,495	45,393
-	6,828	-	-	-	-
-	-	5,414	1,800	-	-
-	-	-	-	-	-
-	-	-	37,442	2,308	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>10,154</u>	<u>6,828</u>	<u>5,414</u>	<u>39,242</u>	<u>16,803</u>	<u>45,393</u>
<u>6,111</u>	<u>739</u>	<u>(5,414)</u>	<u>(39,242)</u>	<u>7,501</u>	<u>(11,839)</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>6,111</u>	<u>739</u>	<u>(5,414)</u>	<u>(39,242)</u>	<u>7,501</u>	<u>(11,839)</u>
<u>30,097</u>	<u>27,449</u>	<u>23,640</u>	<u>45,090</u>	<u>149,767</u>	<u>49,655</u>
<u>\$ 36,208</u>	<u>\$ 28,188</u>	<u>\$ 18,226</u>	<u>\$ 5,848</u>	<u>\$ 157,268</u>	<u>\$ 37,816</u>

Liberty County, Texas

*COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (page 3 of 4)
For the Year Ended September 30, 2015*

	Special Revenue Funds			
	CDBG Disaster Recovery	County Clerk Records Management	Pre-trial Diversion	Child Crimes Special Investigator
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures	-	221,896	59,942	-
Charges for services	-	-	-	-
Intergovernmental	-	-	-	79,088
Investment income	-	-	-	-
Other revenue	-	-	-	-
Total Revenues	-	221,896	59,942	79,088
Expenditures				
Current:				
General government	-	4,103	-	78,463
Judicial	-	-	-	-
Legal	-	-	-	-
Public safety	-	-	-	-
Public transportation	-	-	-	-
Capital outlay	-	140,886	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total Expenditures	-	144,989	-	78,463
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	76,907	59,942	625
Other Financing Sources (Uses)				
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	-	76,907	59,942	625
Beginning fund balances	-	210,667	124,683	(399)
Ending Fund Balances	\$ -	\$ 287,574	\$ 184,625	\$ 226

Special Revenue Funds

Adult Gang Investor	DRS TDRA Grant	COPS Grant	County & District Court Tech	County Record Preservation	FEMA Grant
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	2,490	14,820	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
99,157	-	-	-	-	-
<u>99,157</u>	<u>-</u>	<u>-</u>	<u>2,490</u>	<u>14,820</u>	<u>-</u>
61,343	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
37,814	10,404	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>99,157</u>	<u>10,404</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	(10,404)	-	2,490	14,820	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	(10,404)	-	2,490	14,820	-
-	20,453	31,045	9,925	47,189	16,541
<u>\$ -</u>	<u>\$ 10,049</u>	<u>\$ 31,045</u>	<u>\$ 12,415</u>	<u>\$ 62,009</u>	<u>\$ 16,541</u>

Liberty County, Texas

*COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (page 4 of 4)
For the Year Ended September 30, 2015*

	Special Revenue Funds			
	TDHCA Grant	Elections Service Contract	Debt Service	Total Nonmajor Governmental Funds
<u>Revenues</u>				
Property taxes	\$ -	\$ -	\$ 2,061,983	\$ 2,061,983
Fines and forfeitures	-	-	-	850,473
Charges for services	-	-	-	81,457
Intergovernmental	-	-	-	680,244
Investment income	-	-	6,173	6,173
Other revenue	-	-	-	100,514
Total Revenues	-	-	2,068,156	3,780,844
<u>Expenditures</u>				
Current:				
General government	-	20,410	-	182,273
Judicial	-	-	-	233,650
Legal	-	-	-	69,855
Public safety	-	-	-	449,791
Public transportation	-	-	-	274,571
Capital outlay	-	-	-	446,888
Debt service:				
Principal	-	-	1,765,000	1,765,000
Interest	-	-	413,483	413,483
Total Expenditures	-	20,410	2,178,483	3,835,511
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(20,410)	(110,327)	(54,667)
<u>Other Financing Sources (Uses)</u>				
Transfers in	-	-	-	27,890
Transfers (out)	-	-	-	(360,000)
Total Other Financing Sources (Uses)	-	-	-	(332,110)
Net Change in Fund Balances	-	(20,410)	(110,327)	(386,777)
Beginning fund balances	2,250	40,001	417,914	3,963,482
Ending Fund Balances	\$ 2,250	\$ 19,591	\$ 307,587	\$ 3,576,705

Liberty County, Texas
FIDUCIARY FUND DESCRIPTIONS
AGENCY FUNDS
September 30, 2015

Fine and Bond Fund - The Fine and Bond fund accounts for funds received from inmates for fines and bonds.

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

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

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

Old River District No. 1 Fund - The Old River District No. 1 fund accounts for funds held on behalf of Old River District No.1.

District Attorney Fund - The District Attorney Seizure fund accounts for funds seized in drug arrests until said funds are forfeited to the arresting police agency (sometimes more than one agency), District Attorney, or rightful owner.

Social Security Fund - The Social Security fund accounts for social security taxes and other employee benefits of the County and certain other governmental units.

Liberty County, Texas

COMBINING STATEMENT OF FIDUCIARY NET POSITION AGENCY FUNDS September 30, 2015

	<u>Inmate Release</u>	<u>County Officials Escrow</u>	<u>State Court Costs</u>	<u>Old River</u>
<u>Assets</u>				
Cash and cash equivalents	\$ 99,548	\$ 5,554,664	\$ 178,195	\$ 938,536
Due from other funds	-	-	11,245	-
Total Assets	<u>\$ 99,548</u>	<u>\$ 5,554,664</u>	<u>\$ 189,440</u>	<u>\$ 938,536</u>
<u>Liabilities</u>				
Accounts payable	-	-	705	3,500
Due to others	99,548	5,179,609	-	935,036
Due to other governments	-	-	178,195	-
Due to other funds	-	375,055	10,540	-
Total Liabilities	<u>\$ 99,548</u>	<u>\$ 5,554,664</u>	<u>\$ 189,440</u>	<u>\$ 938,536</u>

See Notes to Financial Statements.

<u>DA Seizures</u>	<u>LCSO Fine & Bond Account</u>	<u>Social Security</u>	<u>Total Agency Funds</u>
\$ 103,600	\$ 305	\$ 11,646	\$ 6,886,494
-	-	8,820	20,065
<u>\$ 103,600</u>	<u>\$ 305</u>	<u>\$ 20,466</u>	<u>\$ 6,906,559</u>
84,752	-	-	88,957
18,848	-	20,466	6,253,507
-	305	-	178,500
-	-	-	385,595
<u>\$ 103,600</u>	<u>\$ 305</u>	<u>\$ 20,466</u>	<u>\$ 6,906,559</u>

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