

**LIVE OAK COUNTY, TEXAS**  
**ANNUAL FINANCIAL REPORT**  
**YEAR ENDED DECEMBER 31, 2018**



**Lovvorn & Kieschnick**  
CERTIFIED PUBLIC ACCOUNTANTS

LOVVORN & KIESCHNICK, LLP

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**LIVE OAK COUNTY, TEXAS  
ANNUAL FINANCIAL REPORT  
YEAR ENDED DECEMBER 31, 2018**

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## **INTRODUCTORY SECTION**

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**LIVE OAK COUNTY, TEXAS**

**DIRECTORY OF OFFICIALS**

**DECEMBER 31, 2018**

**DISTRICT COURT**

Starr Bauer  
Patrick Flanigan  
Janna K. Whatley  
Jose Aliseda  
Melanie Matkin

Judge, 36<sup>th</sup> Judicial District  
Judge, 156<sup>th</sup> Judicial District  
Judge, 343<sup>rd</sup> Judicial District  
District Attorney  
District Clerk

**COMMISSIONERS COURT**

James W. Huff  
Richard Lee  
Donna Mills  
Willie James  
Emilio Garza

County Judge  
Commissioner, Precinct No. 1  
Commissioner, Precinct No. 2  
Commissioner, Precinct No. 3  
Commissioner, Precinct No. 4

**OTHER COUNTY OFFICIALS**

Larry Busby  
Ida Vasquez  
Dwayne McWilliams  
Tragina Smith  
Nancy Coquat  
Mari Gonzales

Sheriff  
County Clerk  
County Attorney  
County Auditor  
County Treasurer  
Tax Assessor-Collector

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**FINANCIAL SECTION**

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# Lovvorn & Kieschnick, LLP

CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT AUDITOR'S REPORT

Honorable County Judge  
and Commissioners Court  
Live Oak County, Texas  
George West, 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 Live Oak County as of and for the year ended December 31, 2018, 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***

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 Live Oak County as of December 31, 2018, 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 described in Note 1 to the financial statements, in 2018, Live Oak County adopted new accounting guidance. Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of changes in net pension liability and related ratios, schedule of employer contributions, and schedule of changes in the County's total OPEB liability and related ratios, as listed in the table of contents as well as notes to the required supplementary 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 Live Oak County's basic financial statements. The introductory section and combining and individual nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 8, 2020, on our consideration of Live Oak 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 Live Oak County's internal control over financial reporting and compliance.

*Lovvorn + Kieschnick, LLP*

Lovvorn & Kieschnick, LLP  
Corpus Christi, Texas  
June 8, 2020

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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**LIVE OAK COUNTY, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**  
**(UNAUDITED)**

This discussion and analysis of Live Oak County's (County) financial performance provides an overview of the County's financial activities for the fiscal year ended December 31, 2018. The MD&A should be read in conjunction with the accompanying basic financial statements and the accompanying notes to those financial statements.

**FINANCIAL HIGHLIGHTS**

Net Position The assets and deferred outflows of resources of Live Oak County exceeded its liabilities and deferred inflows of resources at December 31, 2018 by \$50,938,308 (presented as "net position"). Of this amount \$32,571,424 was reported as "unrestricted net position." Unrestricted net position represents the amount not restricted by parties outside the County.

Changes in Net Position The County's total net position increased by \$735,332 (a 1% increase) in fiscal year 2018. The County only had governmental activities during the 2018 year.

Fund Highlights: Governmental Funds – Fund Balances As of the close of fiscal year 2018, the County's governmental funds reported a combined ending fund balance of \$31,646,418 which was an increase of \$202,568 in comparison with the prior year. At the end of the year, unassigned fund balance for the general fund was \$15,330,480 equal to 141% of total general fund expenditures including transfers to other funds.

Long-term Debt On April 27, 2006 the County issued Certificates of Obligation for \$8,000,000 for the purpose of constructing a new county justice center. Outstanding debt on these obligations was \$5,320,000 at December 31, 2018.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other required supplementary information in addition to the basic financial statements.

**The 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 private sector business. They present the financial picture of the County from an economic resources measurement focus using the accrual

basis of accounting. These statements include all assets of the County (including infrastructure) as well as all liabilities (including long-term debt). Additionally, certain eliminations have occurred as prescribed by GASB Statement No. 34 in regards to interfund activity, payables and receivables.

The statement of net position presents information on all of the County's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between them reported as net position. Increases or decreases in net position contrasted with budgetary decisions should serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The statement of activities presents information showing how net position changed during the most recent fiscal year using full accrual basis of accounting. 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 in this statement for some items that will result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

**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 two categories: governmental 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. Unlike the government-wide financial statements, however, governmental funds 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 evaluating the County'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 the comparison between *governmental funds* and *governmental activities*.

The County maintains twelve individual governmental funds (excluding fiduciary funds): ten special revenue funds, the Debt Service Fund, and the General Fund. Information is presented separately in the governmental fund balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the General Fund and the Road and Bridge Fund, which are classified as major funds. Data from the other nonmajor governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The County adopts an annual appropriated budget as a management control device during the year for the General Fund, the Debt Service Fund, and for all Special Revenue Funds. The Required Supplementary Information includes a budgetary comparison schedule (original versus final) for the General Fund and the Road and Bridge Fund to demonstrate compliance with budget. Budgetary comparison schedules are also included as other Supplementary Information for the nonmajor governmental funds.

**Fiduciary funds.** *Fiduciary funds* are used to account for resources held for the benefit of parties outside the government. The County's fiduciary activities are reported in a separate Statement of Fiduciary Assets and Liabilities. These activities are excluded from the County's other financial statements since the County cannot use these assets to finance its operations. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

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

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning general fund and major special revenue budgetary schedules and pension plan funding progress.

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Of the County's total assets of \$69,980,242 the largest components are: 1) cash and cash equivalents of \$31,412,229 or 45%, 2) investments of \$9,949,414 or 14%, 3) receivables which largely represent the unavailable taxes for FY2018 of \$4,720,772 or 7%, and 4) capital assets, net of accumulated depreciation, \$23,573,996 or 34%. The tax receivables are offset by deferred inflows of resources: unearned 2018 tax revenues and advanced tax collections, since the FY2018 tax revenue is not recognized until FY2019 even though the levy takes place in FY2018. Capital assets are non-liquid assets and cannot be utilized to satisfy County obligations. Liabilities consist of current liabilities of \$997,571 and noncurrent liabilities of \$5,768,698.

The County's net position for fiscal years ended December 31, 2018 and 2017 is summarized as follows:

	<b>Governmental Activities</b>		<b>Total Percentage Change 2018-2017</b>
	<b>2018</b>	<b>2017*</b>	
Current and other assets	46,406,246	44,086,243	5%
Capital assets (net of depreciation)	23,573,996	23,172,378	2%
Total assets	<u>69,980,242</u>	<u>67,258,621</u>	4%
Deferred outflows of resources	<u>1,181,138</u>	<u>2,221,367</u>	-47%
Current and other liabilities	997,571	731,837	36%
Long-term liabilities	5,768,698	6,958,933	-17%
Total liabilities	<u>6,766,269</u>	<u>7,690,770</u>	-12%
Deferred inflow of resources	<u>13,456,803</u>	<u>11,586,242</u>	16%
Net position:			
Net investment in capital assets	18,253,996	17,852,379	2%
Restricted	112,888	87,218	29%
Unrestricted	<u>32,571,424</u>	<u>32,263,379</u>	1%
Total net position	<u><u>50,938,308</u></u>	<u><u>50,202,976</u></u>	1%

\*Restated

**Net Position** – *Net position* may serve over time as a useful indicator of a County government's financial position. Live Oak County's combined net position (government activities) totaled \$50,938,308 at the end of fiscal year 2018 compared to \$50,202,976 at the end of the previous year.

Of the County's total net position, 35% reflects its investment in capital assets such as land, buildings, major improvements, equipment, and infrastructure (road and bridges), less any related debt used to acquire those assets that is still outstanding. Live Oak County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Governmental activities increased the County's net position by \$735,332. The key components of this change are the following:

### Live Oak County's Changes in Net Position

	Governmental Activities		
	2018	2017*	Total Percentage Change 2018-2017
Revenues:			
Net Program revenues:			
Charges for services	3,494,412	3,012,647	16%
Operating grants and contributions	290,062	2,785,326	-90%
Capital grants and contributions	-	-	0%
General revenues:			
Property taxes	11,177,843	11,124,918	0%
Sales taxes	1,803,381	1,531,723	18%
Investment earnings	257,162	168,918	52%
Total revenues	<u>17,022,860</u>	<u>18,623,532</u>	-9%
Expenses:			
General Administration	904,548	821,553	10%
Judicial	734,504	745,649	-1%
Financial	1,594,976	1,412,070	13%
Legal	775,260	744,286	4%
Public Facilities	425,877	425,178	0%
Environmental Protection	207,438	196,646	5%
Public Safety	4,632,167	4,586,144	1%
Highways, Streets and Bridges	5,342,768	4,891,510	9%
Health and Welfare	1,028,049	1,224,259	-16%
Culture and Recreation	170,290	160,586	6%
Conservation	82,279	107,296	-23%
Airport	159,538	164,327	-3%
Interest and fiscal charges on debt	229,834	246,441	-7%
Total expenses	<u>16,287,528</u>	<u>15,725,945</u>	4%
Change in net position	735,332	2,897,587	-75%
Net position--beginning	<u>50,202,976</u>	<u>47,305,389</u>	6%
Net position--ending	<u>50,938,308</u>	<u>50,202,976</u>	1%

\*Restated

Program revenues and expenses are presented net of interfund eliminations.

Key elements of the analysis of government-wide revenues and expenses reflect the following:

- Program revenues of \$3,784,474 equaled 23% of government expenses of \$16,287,528. As expected, general revenues (\$13,238,386) provided the required support and coverage for expenses.
- The largest category of expenses is Highways, Streets and Bridges (\$5,342,768), while this category provided about 4% of total revenues of \$680,095.
- The next largest category of expenses is Public Safety (\$4,632,167) with \$492,146 in revenues, or about 3% of total revenues.
- General Administration was the only function where expenses did not exceed program revenues.
- Grant revenues and contributions comprised about 2% of revenues.

## FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS

As noted earlier, the County uses *fund accounting* to ensure and demonstrate compliance with finance-related legal requirements. Fund accounting and budget controls have been the framework of the County's strong fiscal management and accountability.

**Governmental funds.** The general government functions are reported in the General and Special Revenue 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 annual financing and budgeting requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$31,646,418, an increase of \$202,568 in comparison with the prior year. Approximately \$15,301,369 or 48% of the fund balance represents *unassigned fund balance*, which is available for spending at the County's discretion.

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$15,330,480 while total fund balance reached \$31,646,418. As a measure of the general fund's liquidity, we compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 140% of total fund expenditures and transfers out.

## General Fund Budgetary Highlights

For FY2018, actual expenditures were \$10,366,584 compared to the budget amount of \$12,420,808.

For FY2018, actual revenues were \$9,199,805 as compared to the budget amount of \$7,226,392.

## Capital Assets and Debt Administration

### Capital Assets

At December 31, 2018 the County had \$39,377,154 invested in capital assets, including land, park and recreation facilities, buildings, roads, bridges and equipment. This amount represents a net increase (additions, deductions, and depreciation) of \$401,617, or 2% more than last year.

### Capital Assets at Year-End

	Governmental Activities		Total Percentage Change 2018-2017
	2018	2017	
Land	3,346,162	3,346,162	0%
Construction in Progress	1,107,938	138,992	697%
Buildings and Improvements	14,122,096	14,066,424	0%
Equipment and Vehicles	10,406,133	9,760,640	7%
Infrastructure	10,394,825	10,394,825	0%
Subtotal	39,377,154	37,707,043	4%
Accumulated depreciation	(15,803,158)	(14,534,664)	9%
Capital assets, net	23,573,996	23,172,379	2%

Long-term Liabilities On April 27, 2006 the County issued Certificates of Obligation for \$8,000,000 for the purpose of constructing a new county justice center. Outstanding debt on these obligations was \$5,320,000 at December 31, 2018.

The County's bonded debt at December 31, 2018 was \$5,320,000, a decrease of \$300,000 or a 5% decrease compared to last year.

**Long-term Obligations at Year-End**

	<u>Governmental Activities</u>		
	<u>2018</u>	<u>2017</u>	<u>Increase (Decrease)</u>
Certificates of Obligation	5,320,000	5,620,000	(300,000)
Compensated Absences	155,824	130,238	25,586
Net Pension Liability (Asset)	(323,831)	930,921	(1,254,752)
Net OPEB Liability	292,874	277,774	15,100
Totals	<u>5,444,867</u>	<u>6,958,933</u>	<u>(1,514,066)</u>

**COVID-19**

On March 11, 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19) a pandemic. As a result, economic uncertainties have arisen which are likely to negatively impact net income. The County is closely monitoring the situation, but the extent of impact is unknown at this time.

**REQUEST FOR INFORMATION**

This financial report is designed to provide our citizens, taxpayers, and investors with a general overview of the County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact the County Auditor's Office at P.O. Box 699, George West, Texas 78022.



## **BASIC FINANCIAL STATEMENTS**

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LIVE OAK COUNTY, TEXAS  
STATEMENT OF NET POSITION  
DECEMBER 31, 2018

Exhibit 1

<b>ASSETS</b>	
Cash and Cash Equivalents	31,412,229
Investments	9,949,414
Receivables	
Taxes Receivable	3,313,461
Due from Others	1,407,311
Capital Assets	
Land	3,346,162
Construction in Progress	1,107,938
Buildings and Improvements	14,122,096
Equipment and Vehicles	10,406,133
Infrastructure	10,394,825
Less Accumulated Depreciation	(15,803,158)
Net Pension Asset	323,831
<b>TOTAL ASSETS</b>	<b>69,980,242</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred Outflow Related to Pensions	1,162,721
Deferred Outflow Related to OPEB	18,417
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>1,181,138</b>
<b>LIABILITIES</b>	
Accounts Payable	690,297
Accrued Wages	211,958
Interest Payable	95,316
Noncurrent Liabilities	
Due Within One Year	470,824
Due in More Than One Year	5,005,000
Net OPEB Liability	292,874
<b>TOTAL LIABILITIES</b>	<b>6,766,269</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred Revenues - Property Taxes	2,667,588
Advanced Tax Collections	10,220,283
Deferred Inflow Related to Pensions	559,237
Deferred Inflow Related to OPEB	9,695
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>13,456,803</b>
<b>NET POSITION</b>	
Net Investment In Capital Assets	18,253,996
Restricted For:	
Debt Service	112,888
Unrestricted	32,571,424
<b>TOTAL NET POSITION</b>	<b>50,938,308</b>

The accompanying notes are an integral part of this statement.

**LIVE OAK COUNTY, TEXAS  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	
<b>GOVERNMENTAL ACTIVITIES</b>				
General Administration	904,548	2,239,982	116,324	-
Judicial	734,504	-	-	-
Financial	1,594,976	-	-	-
Legal	775,260	-	-	-
Public Facilities	425,877	-	-	-
Environmental Protection	207,438	-	-	-
Public Safety	4,632,167	483,693	8,453	-
Highways, Streets and Bridges	5,342,768	655,530	24,565	-
Health and Welfare	1,028,049	52,776	140,720	-
Culture and Recreation	170,290	-	-	-
Conservation	82,279	4,156	-	-
Airport	159,538	58,275	-	-
Interest on Long Term Debt	229,834	-	-	-
<b>Total Governmental Activities</b>	<b>16,287,528</b>	<b>3,494,412</b>	<b>290,062</b>	<b>-</b>

General Revenues  
Property Taxes  
Sales Taxes  
Investment Earnings  
Total General Revenues

Change in Net Position  
Net Position-Beginning, as restated  
Net Position-Ending

The accompanying notes are an integral part of this statement.

Exhibit 2

Net (Expense)  
Revenue and  
Changes in Net Position

Governmental  
Activities

1,451,758  
(734,504)  
(1,594,976)  
(775,260)  
(425,877)  
(207,438)  
(4,140,021)  
(4,662,673)  
(834,553)  
(170,290)  
(78,123)  
(101,263)  
(229,834)

(12,503,054)

11,177,843  
1,803,381  
257,162  
13,238,386

735,332  
50,202,976  
50,938,308

**LIVE OAK COUNTY, TEXAS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2018**

	<u>GENERAL FUND</u>	<u>ROAD AND BRIDGE FUND</u>
<b>ASSETS</b>		
Cash and Cash Equivalents	11,327,990	19,196,687
Investments	7,931,156	2,018,258
Receivables		
Taxes Receivable	1,345,890	1,814,574
Due From Others	812,685	493,572
Due From Other Funds	-	-
<b>TOTAL ASSETS</b>	<u><u>21,417,721</u></u>	<u><u>23,523,091</u></u>
 <b>LIABILITIES</b>		
Accounts Payable	500,268	108,213
Due to Other Funds	12,331	-
Accrued Wages	170,113	38,301
<b>TOTAL LIABILITIES</b>	<u><u>682,712</u></u>	<u><u>146,514</u></u>
 <b>DEFERRED INFLOWS OF RESOURCES</b>		
Unavailable Revenues - Property Taxes	285,717	327,427
Deferred Revenues - Property Taxes	1,060,173	1,487,147
Advanced Tax Collections	4,058,639	5,701,225
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u><u>5,404,529</u></u>	<u><u>7,515,799</u></u>
 <b>FUND BALANCES</b>		
Restricted for:		
Debt Service	-	-
Committed, Reported In:		
Special Revenue Funds	-	15,860,778
Unassigned, Reported In:		
General Fund	15,330,480	-
Special Revenue Funds	-	-
<b>TOTAL FUND BALANCES</b>	<u><u>15,330,480</u></u>	<u><u>15,860,778</u></u>
 <b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<u><u>21,417,721</u></u>	<u><u>23,523,091</u></u>

The accompanying notes are an integral part of this statement.

Exhibit 3

NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
887,552	31,412,229
-	9,949,414
152,997	3,313,461
101,054	1,407,311
12,331	12,331
<u>1,153,934</u>	<u>46,094,746</u>
81,814	690,295
-	12,331
3,544	211,958
<u>85,358</u>	<u>914,584</u>
32,729	645,873
120,268	2,667,588
460,419	10,220,283
<u>613,416</u>	<u>13,533,744</u>
55,207	55,207
429,064	16,289,842
-	15,330,480
(29,111)	(29,111)
<u>455,160</u>	<u>31,646,418</u>
<u>1,153,934</u>	<u>46,094,746</u>

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LIVE OAK COUNTY, TEXAS  
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
 TO STATEMENT OF NET POSITION  
 DECEMBER 31, 2018

Exhibit 3-R

Total fund balance - total governmental funds	31,646,418
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not reported in the funds.	23,573,996
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	645,873
Other long-term liabilities which are not due in the current period are not reported in the funds	(155,824)
Payables for bond principal which are not due in the current period are not reported in the funds.	(5,320,000)
Payables for bond interest which are not due in the current period are not reported in the funds.	(95,316)
Recognition of County's proportionate share of the net pension asset (liability) is not reported in the funds.	323,831
Recognition of County's proportionate share of the net OPEB asset (liability) is not reported in the funds.	(292,874)
Deferred resource outflows/inflows related to pensions are not reported in the funds.	603,482
Deferred resource outflows/inflows related to OPEB are not reported in the funds.	8,722
Net position of governmental activities - statement of net position	<u>50,938,308</u>

The accompanying notes are an integral part of this statement.

**LIVE OAK COUNTY, TEXAS  
STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

	GENERAL FUND	ROAD AND BRIDGE FUND
<b>REVENUES</b>		
Taxes	6,144,481	6,300,707
Licenses and Permits	28,556	513,336
Intergovernmental	366,260	141,230
Fees	1,678,313	-
Fines and Forfeitures	613,267	-
Investment Income	124,431	129,220
Other	244,497	25,531
<b>Total Revenues</b>	<b>9,199,805</b>	<b>7,110,024</b>
<b>EXPENDITURES</b>		
Current		
General Administration	854,226	-
Judicial	677,003	-
Financial	1,432,818	146,896
Legal	760,667	-
Public Facilities	1,160,418	-
Environmental Protection	-	-
Public Safety	4,473,031	40,046
Highways, Streets and Bridges	-	5,154,339
Health and Welfare	743,924	-
Culture and Recreation	161,706	-
Conservation	102,791	-
Airport	-	-
Debt Service		
Principal Retirement	-	-
Interest and Fiscal Charges	-	-
<b>Total Expenditures</b>	<b>10,366,584</b>	<b>5,341,281</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(1,166,779)</b>	<b>1,768,743</b>
<b>OTHER FINANCING SOURCES (USES)</b>		
Transfers In	-	-
Transfers Out	(548,000)	-
<b>Total Other Financing Sources (Uses)</b>	<b>(548,000)</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>(1,714,779)</b>	<b>1,768,743</b>
Fund Balances at Beginning of Year (Restated)	17,045,259	14,092,035
Fund Balances at End of Year	15,330,480	15,860,778

The accompanying notes are an integral part of this statement.

Exhibit 4

NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
536,523	12,981,711
-	541,892
58,278	565,768
185,827	1,864,140
-	613,267
3,511	257,162
62,917	332,945
<u>847,056</u>	<u>17,156,885</u>
40,527	894,753
48,175	725,178
-	1,579,714
24	760,691
21,475	1,181,893
207,438	207,438
-	4,513,077
-	5,154,339
290,044	1,033,968
-	161,706
42,278	145,069
61,281	61,281
300,000	300,000
235,210	235,210
<u>1,246,452</u>	<u>16,954,317</u>
<u>(399,396)</u>	<u>202,568</u>
548,000	548,000
-	(548,000)
<u>548,000</u>	<u>-</u>
148,604	202,568
306,556	31,443,850
<u>455,160</u>	<u>31,646,418</u>

LIVE OAK COUNTY, TEXAS  
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO  
 THE STATEMENT OF ACTIVITIES  
 YEAR ENDED DECEMBER 31, 2018

Exhibit 4-R

Net change in fund balance - total governmental funds	202,568
Amounts reported for governmental activities in the statement of activities are different because:	
Capital outlays are not reported as expenses in the SOA.	1,822,262
The depreciation of capital assets used in governmental activities is not reported in the funds.	(1,365,355)
The gain or loss on the disposal of capital assets is not reported in the funds.	(55,272)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	(487)
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	300,000
Repayment of capital lease principal is an expenditure in the funds but is not an expense in the SOA.	-
(Increase) decrease in accrued interest from beginning of period to end of period.	5,376
The (increase) decrease in compensated absences liability does not require the use of current financial resources but is recorded as a decrease in expenses in the statement of activities.	(25,586)
Implementing GASB 68 required certain expenditures to be de-expended and recorded as deferred resource outflows	(141,776)
Implementing GASB 75 required certain expenditures to be de-expended and recorded as deferred resource outflows	(6,398)
Change in net assets of governmental activities - statement of activities	<u>735,332</u>

The accompanying notes are an integral part of this statement.

**LIVE OAK COUNTY, TEXAS  
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
AGENCY FUNDS  
DECEMBER 31, 2018**

Exhibit 5

<b>ASSETS</b>	
Cash and Cash Equivalents	1,064,953
Non-Negotiable Certificate of Deposit	37,180
<b>Total Assets</b>	<u><u>1,102,133</u></u>
 <b>LIABILITIES</b>	
Due to Others	1,102,133
<b>Total Liabilities</b>	<u><u>1,102,133</u></u>

The accompanying notes are an integral part of this statement.

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**LIVE OAK COUNTY, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2018**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

Live Oak County, Texas (the County) was organized in 1856. The County operates using a commission form of government under the statutes and the Constitution of the State of Texas. The County (government) provides various services to advance the welfare, health, morals, comfort, safety and convenience of the County and its inhabitants.

The financial statements of Live Oak County, Texas have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The financial statements include all the funds and account groups of the County. There are no component units applicable to the County. Therefore, the primary government (Live Oak County) is the same as the reporting entity. The County is not a component unit of any other entity.

**B. Basis of Presentation**

The government-wide financial statements (the statement of net assets and the statement of activities) report information on all of the activities of the County. The effect of interfund activity, within the governmental and business-type activities columns, has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The County had no business-type activities in 2018.

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given program and 2) operating or capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

**Fund Financial Statements:**

The County segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Separate statements are presented for governmental and proprietary activities. These statements present each major fund as a separate column on the fund financial statements; all non-major funds are aggregated and presented in a single column. The County had no proprietary activities in 2018.

**LIVE OAK COUNTY, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2018**

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources. The County has presented the following major governmental funds:

General Fund –

**The General Fund** is the general operating fund of the County and is always classified as a major fund. The General Fund is used to account for all financial resources except those required to be accounted for in another fund. Major revenue sources include property taxes, charges for services, intergovernmental revenues and investment of idle funds. Primary expenditures are for general administration, public safety, judicial, public welfare, health services and capital acquisition.

Road and Bridge Fund –

**The Road and Bridge Fund** is a special revenue fund that accounts for current funds used for the purpose of constructing and maintaining roads and bridges.

Additionally, the County reports the following fund types:

Fiduciary Fund Types

*Agency Funds –*

Agency funds are used to account for money and property held by the County as trustee or agent for individuals, other governmental units and other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

C. Measurement Focus/Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The **government-wide financial statements** are reported using the economic resources measurement focus and the accrual basis of accounting. This measurement focus is also used for the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Major revenue types, which have been accrued, are revenue from the investments, intergovernmental revenue and charges for services. Grants are recognized as revenue when all applicable eligibility requirements imposed by the provider are met.

**Governmental fund level financial statements** are reported using current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are



**LIVE OAK COUNTY, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2018**

considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Measurable and available revenues include revenues expected to be received within 60 days after the fiscal year ends. Receivables which are measurable but not collectible within 60 days after the end of the fiscal period are reported as deferred inflows of resources. Property taxes which were levied in September 2018, and became due October 1, 2018, have been assessed to finance the budget of the fiscal year beginning January 1, 2019 and, accordingly, have been reflected as taxes receivable and deferred inflows of resources: deferred revenues—property taxes, and advanced tax collections in the fund financial statements at December 31, 2018.

Expenditures generally are recorded when a fund liability is incurred; however, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when the liability has matured and payment is due.

D. Encumbrances

Encumbrances for goods or purchased services are documented by purchase orders or contracts. Encumbrances outstanding at year end are either canceled or appropriations are provided for in the subsequent year's budget.

E. Investments

The County can legally invest in certificates of deposit, obligations of the U.S. Government and its Agencies or instrumentalities, State obligations, local government investment pools and certain money market funds.

The County has implemented GASB Statement 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools." As a governmental entity other than an external investment pool, in accordance with GASB 31 the County's investments are stated at market value, except for money market investments with remaining maturity of one year or less when purchased and nonparticipating interest earning investment contracts.

F. Prepaid Items

Prepaid balances are for payments made by the County in the current year to provide services occurring in the subsequent fiscal year, and the reserve for prepaid items has been recorded to signify that a portion of fund balance is not available for other subsequent expenditures.

G. Inventories

The County records purchases of supplies as expenditures, utilizing the purchase method of accounting for inventory. Inventory at year end is immaterial.

**LIVE OAK COUNTY, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2018**

H. Interfund Activity

Interfund activity results from loans, services provided, reimbursements or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers In and Transfers Out are netted and presented as a single "Transfers" line on the government-wide statement of activities. Similarly, interfund receivables and payables are netted and presented as a single "Internal Balances" line of the government-wide statement of net assets.

I. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the governmental column in the government-wide financial statements. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized. Interest has not been capitalized during the construction period on capital assets.

Assets capitalized have an original cost of \$5,000 or more and over three years of useful life. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Buildings	50 Years
Infrastructure	20-30 Years
Equipment and Furniture	5-10 Years
Improvements	10-20 Years
Vehicles	3-10 Years

J. Compensated Absences

A liability for unused vacation leave for all full-time and most regular part-time employees is calculated and reported in the government-wide statements. Vacation leave accrues at a rate of 1 day per month and can accrue up to a maximum of 18 days. All vacation leave is accrued when incurred in the government-wide financial statements. Sick leave is accrued at 1 day per month and is cumulative up to 90 days. It is not convertible to vacation leave or additional pay. The cost of sick leave is recognized when payments are made to employees. Compensated absences are reported in the governmental funds only if they have matured.

K. Net Position and Fund Equity

In the government-wide financial statements, net position is reported in three categories: net invested in capital assets; restricted net position; and unrestricted net position. Net invested in capital assets represents capital assets less accumulated depreciation less

**LIVE OAK COUNTY, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2018**

outstanding principal of related debt. Net invested in capital asset does not include the unspent proceeds of capital debt. Restricted net position represents net position restricted by parties outside of the County (such as creditors, grantors, contributors, laws, and regulations of other governments). All other net position is considered unrestricted.

In the fund financial statements, fund balances of the governmental funds are classified as follows:

**Nonspendable Fund Balance** – represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaid insurance) or legally required to remain intact (such as notes receivable or principal of a permanent fund).

**Restricted Fund Balance** – represents amounts that are constrained by external parties, constitutional provisions or enabling legislation.

**Committed Fund Balance** – represents amounts that can only be used for a specific purpose because of a formal action by the Commissioners Court, the County's highest level of decision-making authority. Committed amounts cannot be used for any other purpose unless the Commissioners Court removes those constraints by taking the same type of formal action. Committed fund balance amounts may be used for other purposes with appropriate due process by the Commissioners Court. Committed fund balance amounts differ from restricted balances in that the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

**Assigned Fund Balance** – represents amounts which the County intends to use for a specific purpose, but that do not meet the criteria to be classified as restricted or committed. Intent may be stipulated by the Commissioners Court or by an official or body to which the Commissioners Court delegates the authority. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service or permanent fund are assigned for purposes in accordance with the nature of their fund type or the fund's primary purpose. Assignments within the general fund conveys that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the County itself.

**Unassigned Fund Balance** – represents amounts which are unconstrained in that they may be spent for any purpose. Only the general fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification because of overspending for specific purposes for which amounts had been restricted, committed or assigned.

When an expenditure is incurred for a purpose for which both restricted and unrestricted fund balance is available, the County considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the County considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

**LIVE OAK COUNTY, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2018**

L. Use of Estimates

The preparation of basic financial statements in conformance with GAAP requires management to make estimates and assumptions that affect the amounts reported in the basic financial statements and accompanying notes. Actual results may differ from those estimates.

M. Compliance and Accountability

1. Finance-Related Legal and Contractual Provisions

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

<u>Violation</u>	<u>Action Taken</u>
None Noted	Not Applicable

2. Deficit Fund Balance or Fund Net Assets of Individual Funds

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

<u>Fund Name</u>	<u>Deficit Amount</u>	<u>Remarks</u>
Special Revenue Fund		Management states that the deficit will be eliminated in the subsequent year.
Indigent Health Care	29,111	

N. Accounting Pronouncements

GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pension Plans* ("GASB 75"), replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*. GASB 75 requires governments to report a liability on the face of the financial statements for the OPEB they provide. The implementation of GASB 75 is reflected in the financial statements.

GASB Statement 83, *Certain Asset Requirement Obligation* ("GASB 83"), addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance of this Statement. GASB 83 will be implemented by the County in fiscal year 2019 and the impact has not yet been determined.

**LIVE OAK COUNTY, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2018**

GASB Statement 84, *Fiduciary Activities* ("GASB 84"), established criteria for identifying fiduciary activities of all state and local government. The focus of the criteria is generally on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. GASB 84 will be implemented by the County in fiscal year 2019 and the impact has not yet been determined.

GASB Statement No. 85, *Omnibus 2017* ("GASB 85"), addresses practice issues that have been identified during implementation and application of certain GASB Statements. GASB 85 addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits (OPEB)). The implementation of GASB 85 is reflected in the financial statements.

GASB Statement No. 86, *Certain Debt Extinguishment Issues* ("GASB 86"), improves consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for a transaction in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. GASB 86 also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to the financial statements for debt that is defeased in substance. The implementation of GASB 86 is reflected in the financial statements.

GASB Statement No. 87, *Leases* ("GASB 87"), requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right-to-use asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. GASB 87 will be implemented by the County in fiscal year 2020 and the impact has not yet been determined.

The GASB has issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements* ("GASB 88"). The objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. GASB 88 will be implemented by the County in fiscal year 2019 and the impact has not yet been determined.

The GASB has issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period* ("GASB 89"). The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The requirements of this Statement are effective for reporting periods beginning after

**LIVE OAK COUNTY, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2018**

December 15, 2019. GASB 89 will be implemented by the County in fiscal year 2020 and the impact has not yet been determined.

The GASB has issued Statement No. 90, *Majority Equity Interests* ("GASB 90"). The objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. GASB 90 will be implemented by the County in fiscal year 2019 and the impact has not yet been determined.

**2. CASH AND INVESTMENTS**

**Legal and Contractual Provisions Governing Deposits and Investments**

The Public Funds Investment Act (Texas Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the County to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities (9) and bid solicitation preferences for certificates of deposit. Statutes authorize the County to invest in (1) obligations of the U.S. Treasury, certain U.S. Agencies, and the State of Texas; (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, and (10) common trust funds. The Act also requires the County to have independent auditors perform test procedures related to investment practices as provided by the Act. The County is in substantial compliance with the requirements of the Act and with local policies.

**A. Authorized Investments**

The County is authorized to invest in obligations and instruments as defined in the Public Funds Investment Act (Sec. 2256.001 Texas Government Code). Such investments include (1) obligations of the United States or its agencies, (2) direct obligations of the State of Texas or its agencies, (3) obligations of political subdivisions rated not less than A by a national investment rating firm, (4) certificates of deposit, and (5) other instruments and obligations authorized by statute.

**LIVE OAK COUNTY, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2018**

**B. Deposits and Investments**

Cash and Deposits are as follows:

<b>Cash and Deposits</b>	
	2018
Bank Deposits	
Demand Deposits	32,396,271
Non-negotiable Certificate of Deposit	37,180
Cash and Cash Equivalents	
Petty Cash on Hand	2,440
 Total Cash and Deposits	 32,435,891

During the year ended December 31, 2018, deposits were entirely covered by FDIC insurance or by pledged collateral held by the County's agent bank in the County's name.

**Reconciliation of Deposits and Investments**

Type of Security	Market Value December 31, 2018
Investments	
Negotiable Certificates of Deposit	5,848,241
Money Market	1,118,875
U.S. Agencies	2,982,298
 Total Investments	 9,949,414
Total Cash and Deposits	32,435,891
Total Deposits and Investments	42,385,305

**LIVE OAK COUNTY, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2018**

As of December 31, 2018, the County had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in Years)		
		Less than 1	1 to 3	4 to 5
Certificates of Deposit	5,848,241	1,488,341	3,878,780	481,120
Money Market	1,118,875	1,118,875	-	-
U.S. Agencies	2,982,298	246,575	2,735,723	-
<b>Total Fair Value</b>	<b>9,949,414</b>	<b>2,853,791</b>	<b>6,614,503</b>	<b>481,120</b>

**Interest Rate Risk** – In accordance with state law and County policy, the County does not purchase any investments with maturities greater than 5 years.

**Credit Risk** – In accordance with state law and the County's investment policy, investments in mutual funds and investment pools must be rated at least AAA, commercial paper must be rated at **least A-1 or P-1**, and investments in obligations from other states, municipalities, counties, etc. must be rated at least A.

**Concentration of Credit Risk** -- The County does not place a limit on the amount the County may invest in any one issuer. The County does not have a concentration of credit risk.

**Custodial Credit Risk** -- For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County does not have a custodial credit risk.

**C. Fair Value Measurements**

Live Oak County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Live Oak County has the following recurring fair value measurements as of August 31:

Investment Type	12/31/18	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
U.S. Agencies	2,982,298	2,982,298	-	-
Certificates of Deposit	5,848,241	-	5,848,241	-
<b>Total Fair Value</b>	<b>8,830,539</b>	<b>2,982,298</b>	<b>5,848,241</b>	<b>-</b>



**LIVE OAK COUNTY, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2018**

**3. CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2018, was as follows:

	Balance January 1	Additions/ Completions	Retirements/ Adjustments	Balance December 31
<b>Governmental Activities:</b>				
Capital assets, not being depreciated				
Land	3,346,162	-	-	3,346,162
Construction in Progress	138,992	968,946	-	1,107,938
Total capital assets, not being depreciated	3,485,154	968,946	-	4,454,100
Capital assets, being depreciated				
Building and Improvements	14,066,424	55,672	-	14,122,096
Equipment and Vehicles	9,760,640	797,644	(152,151)	10,406,133
Infrastructure	10,394,825	-	-	10,394,825
Total capital assets, being depreciated	34,221,889	853,316	(152,151)	34,923,054
Less accumulated depreciation for:				
Buildings and Improvements	(3,109,318)	(260,174)	-	(3,369,492)
Equipment and Vehicles	(7,210,707)	(726,831)	96,861	(7,840,677)
Infrastructure	(4,214,639)	(378,350)	-	(4,592,989)
Total accumulated depreciation	(14,534,664)	(1,365,355)	96,861	(15,803,158)
Total capital assets, being depreciated, net	19,687,225	(512,039)	(55,290)	19,119,896
Governmental activities capital assets, net	23,172,379	456,907	(55,290)	23,573,996

Depreciation expense was charged to functions/programs of the County for the 2018 year as follows:

**Governmental Activities:**

General Administration	19,389
Judicial	-
Financial	-
Public Facilities	64,176
Public Safety	467,069
Highways, Streets and Bridges	688,445
Health and Welfare	22,405
Culture and Recreation	5,698
Conservation	102
Airport	98,071
<b>Total Depreciation Expense</b>	<b>1,365,355</b>

**LIVE OAK COUNTY, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2018**

**4. LONG-TERM OBLIGATIONS**

Long-term liability activity for the year ended December 31, 2018 was as follows:

Description	Original Debt	Interest Rate Payable	Balance January 1*	Additions	Reductions	Balance December 31	Due Within One Year
Governmental Activities:							
Long-term Obligations:							
Certificates of Obligation, Series 2016	8,000,000	4.30%	5,620,000	-	300,000	5,320,000	315,000
Compensated Absences			130,238	155,824	130,238	155,824	155,824
Net Pension Liability (Asset)			930,921	2,604,658	3,859,410	(323,831)	-
Net OPEB Liability			<u>277,774</u>	<u>35,973</u>	<u>20,873</u>	<u>292,874</u>	-
Total Governmental Activities Long-term Obligations			<u>6,958,933</u>	<u>2,796,455</u>	<u>4,310,521</u>	<u>5,444,867</u>	<u>470,824</u>

\*Restated

Debt service payments for the Certificates of Obligation are paid by the Debt Service Fund.

The annual requirements for the Certificates of Obligation for years subsequent to December 31, 2018 are as follows:

Fiscal Year Ending December 31	Governmental Activities		
	Principal	Interest	Total
2019	315,000	221,988	536,988
2020	325,000	208,227	533,227
2021	340,000	193,930	533,930
2022	355,000	178,988	533,988
2023	370,000	163,400	533,400
2024-2028	2,110,000	558,355	2,668,355
2029-2031	<u>1,505,000</u>	<u>99,007</u>	<u>1,604,007</u>
TOTALS	<u>5,320,000</u>	<u>1,623,895</u>	<u>6,943,895</u>

**LIVE OAK COUNTY, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2018**

**5. PROPERTY TAXES**

**Levy and Collection –**

Taxes levied by the County are levied and collected through the offices of the Live Oak County Tax Assessor-Collector. Ad valorem taxes are due and payable from October 1 of the year in which levied until January 31 of the following year without interest or penalty. On February 1, unpaid taxes become subject to penalty and interest charges.

The County's taxes on real property are a lien against such property until paid. The County may foreclose on real property upon which it has a lien for unpaid taxes. Delinquent taxes on property not otherwise collected are generally paid when there is a sale or transfer of the title to the property.

Any liens and subsequent suits against the taxpayer for payment of delinquent personal property taxes are barred unless instituted within four years after the time such taxes become delinquent. Unlike real property, the sale or transfer of most personal property does not require any evidence that taxes thereon are paid. A lien on such property becomes enforceable as of January 1.

**Taxes Receivable and Advance Tax Collections –**

In the Governmental Funds, Current and Delinquent Taxes Receivable have been reported as Taxes Receivable in the assets section of the various balance sheets where applicable and offset as unavailable revenues—property taxes and deferred revenues—property taxes in the deferred inflows of resources section. The Taxes Receivable is shown net of allowances for uncollectible accounts.

The County begins to collect taxes in October, levied for the subsequent year's budget. These advance tax collections are recognized in the deferred inflows of resources section of the various balance sheets where applicable in both the governmental funds and the government-wide statements.

**Appraisal District –**

The appraisal of property within the County is the responsibility of the county-wide appraisal district. The Live Oak County Appraisal District (the District) is required under the Property Tax Code to assess all property within the District on the basis of one hundred (100) percent of its market value and is prohibited from applying any assessment ratios. The District, which began its appraisal and equalization functions in 1982, is governed by a Board of Directors elected by the governing bodies of certain taxing entities in the District. The Board of Directors appoints a Chief Appraiser to act as chief administrator of the Appraisal District and an Appraisal Review Board to equalize appraised values.

The County may challenge appraised values established by the District through various appeals and, if necessary, legal action. Under this legislation, the County continues to set tax rates on County property. However, if the "effective tax rate" (excluding tax rates for bonds and other contractual obligations adjusted for new improvements) exceeds the rate for the previous year by more than eight (8) percent, qualified voters of the County may petition for an election to determine whether to limit the tax rate to no more than eight (8) percent above the tax rate for the previous year. This legislation also provides that, if mandated by the qualified voters in the District, the collection function must be placed with the District.

**LIVE OAK COUNTY, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2018**

**Tax Rate –**

The effective tax rate for the 2017 levy year was \$0.49000 per \$100 assessed valuation. This tax rate was used for fiscal year 2018 operations. The 2018 tax roll is to be used for 2019 operations and its tax rate is \$0.52025 per \$100 valuation.

**6. RECEIVABLES**

Receivables for the County's individual major funds and nonmajor funds are as follows:

	Property Taxes	Intergovernmental	Other	Total
Governmental activities:				
General Fund	1,345,890	806,557	6,128	2,158,575
Road and Bridge Fund	1,814,574	493,468	104	2,308,146
Non-Major Governmental Funds	152,997	100,548	506	254,051
<b>Totals</b>	<b>3,313,461</b>	<b>1,400,573</b>	<b>6,738</b>	<b>4,720,772</b>

**7. DEFERRED INFLOWS OF RESOURCES**

Deferred inflows of resources at year end consisted of the following:

Description	General Fund	Road and Bridge Fund	Non-Major Governmental Funds	Total
Unavailable revenue - property taxes	285,717	327,427	32,729	645,873
Deferred revenues - property taxes	1,060,173	1,487,147	120,268	2,667,588
Advanced tax collections	4,058,639	5,701,225	460,419	10,220,283
<b>Total deferred revenue</b>	<b>5,404,529</b>	<b>7,515,799</b>	<b>613,416</b>	<b>13,533,744</b>

**8. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

Interfund receivables and payables:

Balances due to and due from other funds at December 31, 2018, consisted of the following:

Due to Fund	Due From Fund	Amount	Purpose
Other Governmental Funds	General Fund	12,331	Short-term loan
<b>TOTALS</b>		<b>12,331</b>	

**LIVE OAK COUNTY, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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Interfund transfers:

	Transfer In:	
	Nonmajor Governmental Funds	Total
Transfer Out:		
General Fund	548,000	548,000

Interfund transfers to Nonmajor Governmental Funds were to supplement other funds sources.

**9. PENSION PLAN**

**Plan Description**

The County provides retirement, disability, and death benefits for all of its eligible employees through a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system which consists of 800 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.

The plan provisions are adopted and may be amended by the governing body of the County within the options available in the Texas State statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with eight or more years of service, with 20 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 eight years of service but must leave their accumulated deposits in the plan to receive any employer-financed benefit. Members who withdraw their personal deposits in a lump sum and who are not eligible to retire are not entitled to any amounts contributed by their employer.

Benefit amounts are determined by the sum of the employees' deposits to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the governing body of the employer within the actuarial constraints imposed by the TCDRS Act, so that the resulting benefits can be expected to be 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 deposits and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

**LIVE OAK COUNTY, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2018**

**Membership Information**

Members	Dec. 31, 2016	Dec. 31, 2017
Number of inactive employees entitled to but not yet receiving benefits:	93	91
Number of active employees	130	130
Average monthly salary*:	\$3,136	\$3,078
Average age*:	48.45	49.03
Average length of service in years*:	10.91	11.15
<b>Inactive Employees (or their Beneficiaries) Receiving Benefits</b>		
Number of benefit recipients:	62	63
Average monthly benefit:	\$854	\$797

*\*Averages reported for all active employees.*

**Funding Policy**

The County has elected the Annually Determined Contribution Rate 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 12.46% of covered payroll for the months of the calendar year in 2018.

The deposit rate payable by all employee members for the calendar year 2018 is 7% as adopted by the governing body of the County. The employee deposit rate and the employer contribution rate may be changed by the governing body of the employer within the options available in the TCDRS Act.

The TCDRS board hires independent outside consulting actuaries to conduct an annual valuation to measure the funding status and to determine the required employer contribution rate for each employer plan. In order to calculate the employer contribution rate, the actuary does the following:

1. Studies each employer's adopted plan of benefits and the profile of its plan participants, and uses assumptions established by the board to estimate future benefit payments.
2. Discounts the estimate of future benefit payments to the present based on the long-term rate of investment return to determine the present value of future benefits.
3. Compares the present value of future benefits with the plan's assets to determine the difference that needs to be funded based on the funding policy.

**LIVE OAK COUNTY, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2018**

**Net Pension Liability**

The County's net pension liability was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary Increases	4.90%
Investment Rate of Return	8.00%

The actuarial assumptions that determined the total pension liability as of December 31, 2017 were based on the results of an actuarial experience study for the period January 1, 2013 – December 31, 2016, except where required to be different by GASB 68.

The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns, and reflecting expected volatility and correlation. The capital market assumptions and information shown below are provided by TCDRS' investment consultant, Cliffwater LLC. The numbers shown are based on January 2018 information for a 10 year time horizon.

(Continued)

**LIVE OAK COUNTY, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2018**

**Actuarial Methods and Assumptions**

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

**Actuarial Cost Method** Entry Age Normal<sup>(1)</sup>

**Asset Valuation Method**

Smoothing period 5 years  
 Recognition method Non-asymptotic  
 Corridor None

**Inflation** 2.75%

**Salary Increases** Varies by age and service. 4.9% average over career including inflation.

**Investment Rate of Return** 8.10%, gross of administrative expenses

**Cost-of-Living Adjustments** Cost-of-Living Adjustments for Live Oak County are not considered to be substantively automatic under GASB 68. Therefore, no assumption for future cost-of-living adjustments is included in the GASB calculations. No assumption for future cost-of-living adjustments is included in the funding valuation.

**Retirement Age** Deferred members are assumed to retire (100% probability) at the later of:  
 a) age 60  
 b) earliest retirement eligibility.

**Mortality**

Depositing members 90% of the RP-2014 Active Employee Mortality Table for males and 90% of the RP-2014 Active Employee Mortality Table for females, projected with 110% of the MP-2014 Ultimate scale after 2014.

Service retirees, beneficiaries and non-depositing members 130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.

Disabled retirees 130% of the RP-2014 Disabled Annuitant Mortality Table for males and 115% of the RP-2014 Disabled Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.

<sup>(1)</sup>Individual entry age normal cost method, as required by GASB 68, used for GASB calculations.

Note that a slightly different version of the entry age normal cost method is used for the funding actuarial valuation.



**LIVE OAK COUNTY, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2018**

**Long-Term Expected Rate of Return**

The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns, and reflecting expected volatility and correlation. The capital market assumptions and information shown below are provided by TCDRS' investment consultant, Cliffwater LLC. The numbers shown are based on January 2018 information for a 10 year time horizon.

Note that the valuation assumption for long-term expected return is re-assessed at a minimum of every four years, and is set based on a 30-year time horizon; the most recent analysis was performed in 2017.

<b>Asset Class</b>	<b>Benchmark</b>	<b>Target Allocation<sup>(1)</sup></b>	<b>Geometric Real Rate of Return (Expected Minus Inflation)<sup>(2)</sup></b>
US Equities	Dow Jones U.S. Total Stock Market Index	11.50%	4.55%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index <sup>(3)</sup>	16.00%	7.55%
Global Equities	MSCI World (net) Index	1.50%	4.85%
Int'l Equities - Developed Markets	MSCI World Ex USA (net)	11.00%	4.55%
Int'l Equities - Emerging Markets	MSCI EM Standard (net) Index	8.00%	5.55%
Investment-Grade Bonds	Bloomberg Barclays U.S. Aggregate Bond Index	3.00%	0.75%
Strategic Credit	FTSE High-Yield Cash-Pay Capped Index	8.00%	4.12%
Direct Lending	S&P/LSTA Leveraged Loan Index	10.00%	8.06%
Distressed Debt	Cambridge Associates Distressed Securities Index <sup>(4)</sup>	2.00%	6.30%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% S&P Global REIT <NET> Index	2.00%	4.05%
Master Limited Partnerships (MLPs)	Alerian MLP Index	3.00%	6.00%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index <sup>(5)</sup>	6.00%	6.25%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	18.00%	4.10%

<sup>(1)</sup>Target asset allocation adopted at the April 2018 TCDRS Board meeting.

<sup>(2)</sup>Geometric real rates of return equal the expected return minus the assumed inflation rate of 1.95%, per Cliffwater's 2018 capital market assumptions.

<sup>(3)</sup>Includes vintage years 2006-present of Quarter Pooled Horizon IRRs.

<sup>(4)</sup>Includes vintage years 2005-present of Quarter Pooled Horizon IRRs.

<sup>(5)</sup>Includes vintage years 2007-present of Quarter Pooled Horizon IRRs.

**Depletion of Plan Assets/GASB Discount Rate**

The discount rate is the single rate of return that, when applied to all projected benefit payments results in an actuarial present value of projected benefit payments equal to the total of the following:

1. The actuarial present value of benefit payments projected to be made in future periods in which (a) the amount of the pension plan's fiduciary net position is projected to be greater than the benefit payments that are projected to be made in that period and (b) pension plan assets up to that point are expected to be invested using a strategy to achieve the long-term rate of return, calculated using the long-term expected rate of return on pension plan investments.
2. The actuarial present value of projected benefit payments not included in (1), calculated using the municipal bond rate.

Therefore, if plan investments in a given future year are greater than projected benefit payments in that year and are invested such that they are expected to earn the long-term rate of return, the discount rate applied to projected benefit payments in that year should be the long-term expected rate of return on plan investments. If future years exist where this is not the case, then an index rate reflecting the yield on a 20-year, tax-exempt municipal bond should be used to discount the projected benefit payments for those years.

The determination of a future date when plan investments are not sufficient to pay projected benefit payments is often referred to as a depletion date projection. A depletion date projection compares projections of the pension plan's fiduciary net position to projected benefit payments and aims to determine a future date, if one exists, when the fiduciary net position is projected to be less than projected benefit payments. If an evaluation of the sufficiency of the projected fiduciary net position compared to projected benefit payments can be made with sufficient reliability without performing a depletion date projection, alternative methods to determine sufficiency may be applied.

In order to determine the discount rate to be used by the employer, TCDRS used an alternative method to determine the sufficiency of the fiduciary net position in all future years. The alternative method reflects the funding requirements under the County's funding policy and the legal requirements under the TCDRS Act.

1. TCDRS has a funding policy where the Unfunded Actuarial Accrued Liability (UAAL) shall be amortized as a level percent of pay over 20-year closed layered periods.
2. Under the TCDRS Act, the employer is legally required to make the contribution specified in the funding policy.
3. The employer's assets are projected to exceed its accrued liabilities in 20 years or less. When this point is reached, the employer is still required to contribute at least the normal cost.
4. Any increased cost due to the adoption of a COLA is required to be funded over a period of 15 years, if applicable.

Based on the above, the projected fiduciary net position is determined to be sufficient compared to projected benefit payments. Based on the expected level of cash flows and investment returns to the system, the fiduciary net position as a percentage of total pension liability is projected to increase from its current level in future years.

**LIVE OAK COUNTY, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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Since the projected fiduciary net position is projected to be sufficient to pay projected benefit payments in all future years, the discount rate for purposes of calculating the total pension liability and net pension liability of the employer is equal to the long-term assumed rate of return on investments. This long-term assumed rate of return should be net of investment expenses, but gross of administrative expenses for GASB 68 purposes. Therefore, a discount rate of 8.10% was used. This rate reflects the long-term assumed rate of return on assets for funding purposes of 8.00%, net of all expenses, increased by 0.10% to be gross of administrative expenses.

**Changes in Net Pension Liability/(Asset)**

Changes in Net Pension Liability / (Asset)	Increase (Decrease)		
	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability / (Asset) (a) - (b)
Balances as of December 31, 2016	18,741,382	17,810,461	930,921
Changes for the year:			
Service cost	826,760	-	826,760
Interest on total pension liability <sup>(1)</sup>	1,552,453	-	1,552,453
Effect of plan changes <sup>(2)</sup>	-	-	-
Effect of economic/demographic gains or losses	(309,814)	-	(309,814)
Effect of assumptions changes or inputs	211,794	-	211,794
Refund of contributions	(153,717)	(153,717)	-
Benefit payments	(666,348)	(666,348)	-
Administrative expenses	-	(13,651)	13,651
Member contributions	-	340,395	(340,395)
Net investment income	-	2,601,736	(2,601,736)
Employer contributions	-	605,901	(605,901)
Other <sup>(3)</sup>	-	1,563	(1,563)
Balances as of December 31, 2017	20,202,510	20,526,341	(323,831)

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

<sup>(2)</sup>No plan changes valued.

<sup>(3)</sup>Relates to allocation of system-wide items.

**LIVE OAK COUNTY, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2018**

**Sensitivity Analysis**

The following presents the net pension liability of the county/district, calculated using the discount rate of 8.10%, as well as what the Live Oak County 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 Discount Rate 8.10%	1% Increase 9.10%
Total pension liability	22,640,445	20,202,510	18,128,304
Fiduciary net position	20,526,341	20,526,341	20,526,341
Net pension liability / (asset)	<u>2,114,104</u>	<u>(323,831)</u>	<u>(2,398,037)</u>

**Pension Expense / Income**

	January 1, 2017 to December 31, 2017
Service cost	826,760
Interest on total pension liability <sup>(1)</sup>	1,552,453
Effect of plan changes	-
Administrative expenses	13,651
Member contributions	(340,395)
Expected investment return net of investment expenses	(1,447,180)
Recognition of deferred inflows/outflows of resources	
Recognition of economic/demographic gains or losses	(83,575)
Recognition of assumption changes or inputs	100,000
Recognition of investment gains or losses	138,055
Other <sup>(2)</sup>	<u>(1,563)</u>
Pension expense / (income)	<u>758,204</u>

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

<sup>(2)</sup>Relates to allocation of system-wide items.

**LIVE OAK COUNTY, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2018**

**Deferred Inflows / Outflows of Resources**

As of December 31, 2017 the deferred inflows and outflows of resources are as follows:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	356,430	-
Changes of assumptions	-	205,896
Net difference between projected and actual earnings	202,807	-
2017 contributions made subsequent to measurement date	N/A	956,825
<b>Total</b>	<u>559,237</u>	<u>1,162,721</u>

Amounts currently reported as deferred outflows of resources and deferred inflows of resources related to pensions, excluding contributions made subsequent to the measurement date, will be recognized in pension expense as follows:

Year ended December 31:	
2018	63,314
2019	41,759
2020	(227,502)
2021	(230,911)
2022	-
Thereafter	-

**10. POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)**

Live Oak County participates in the retiree Group Term Life (GTL) program for the Texas County & District Retirement System (TCDRS), which is a statewide, multiple-employer, public employee retirement system.

All full- and part-time non-temporary employees participate in the plan, regardless of the number of hours they work in a year and are eligible for the TCDRS pension plan. Only employers that have elected participation in the retiree Group Term Life program are included in the OPEB plan. The plan provides \$5,000 post-retirement death benefit to beneficiaries of service retirees and disability retirees of employers that have elected participation in the retiree GTL program. The OPEB benefit is a fixed \$5,000 lump-sum benefit. No future increases are assumed in the \$5,000 benefit amount. Benefit terms are established under the TCDRS Act. Participation in the retiree GTL program is optional and the employer may elect to opt out of (or opt into) coverage as of Jan. 1 each year.

Contributions made to the retiree GTL Program are held in the GTL Fund. The GTL fund does not meet the requirements of a trust under Paragraph 4b of GASB 75, as the assets of the GTL fund can be used to pay active GTL benefits which are not part of the OPEB plan.

Benefit terms are established under the TCDRS Act. Participation in the retiree GTL program is optional and the employer may elect to opt out (or opt into) coverage as of Jan. 1 each year. The county's contribution rate for the retiree GTL program is calculated annually on an actuarial basis, and is equal to the cost of providing a one-year death benefit equal to \$5,000.

**LIVE OAK COUNTY, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2018**

**Membership Information**

Members	Dec. 31, 2016	Dec. 31, 2017
Number of inactive employees entitled to but not yet receiving benefits <sup>(1)</sup> :	25	24
Number of active employees:	130	130
Average age of active employees:	48.45	49.03
Average length of service in years for active employees:	10.91	11.15
<hr/>		
Inactive Employees Receiving Benefits <sup>(1)</sup>		
Number of benefit recipients <sup>(1)</sup>	54	54

<sup>(1)</sup> "Receiving benefits" indicates the member is retired and receiving monthly pension benefits, and his or her beneficiary is eligible for the \$5,000 lump sum upon the retiree's death.

**Summary of Actuarial Assumptions**

All actuarial assumptions and methods that determined the total OPEB liability as of December 31, 2017 were based on the results of an actuarial experience study for the period of January 1, 2013 - December 31, 2016, except where required to be different by GASB 75.

**Valuation Timing**

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

**Actuarial Cost Method**

Entry Age Normal

**Amortization Method**

Recognition of economic/demographic gains or losses

Straight-Line amortization over Expected Working Life

Recognition of assumptions changes or inputs

Straight-Line amortization over Expected Working Life

**Asset Valuation Method**

Does not apply

**Inflation**

Does not apply

**Salary Increases**

Does not apply

**Investment Rate of Return**

3.44%  
 20 Year Bond GO Index published by bondbuyer.com as of December 28, 2017

**Cost-of-Living Adjustment**

Does not apply

**LIVE OAK COUNTY, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2018**

<b>Disability</b>	Members who become disabled are eligible to commence benefit payments regardless of age. Rates of disability are in a custom table based on TCDRS experience.
<b>Mortality</b>	
Depositing members	90% of the RP-2014 Active Employee Mortality Table for males and 90% of the RP-2014 Active Employee Mortality Table for females, projected with 110% of the MP-2014 Ultimate scale after 2014.
Service retirees, beneficiaries and non-depositing members	130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.
Disabled retirees	130% of the RP-2014 Healthy Annuitant Mortality Table for males and 115% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.
<b>Retirement</b>	Deferred members are assumed to retire (100% probability) at the later of: a) age 60 b) earliest retirement eligibility
	For all eligible members ages 75 and later, retirement is assumed to occur immediately.

**Total OPEB Liability**

<b>Total OPEB Liability</b>	<u>December 31, 2016</u>	<u>December 31, 2017</u>
Total OPEB Liability	277,774	292,874

The total OPEB liability was determined by an actuarial valuation as of the valuation date, calculated based on the discount rate and actuarial assumptions below.

**Discount Rate**

Discount Rate <sup>(1)</sup>	3.78%	3.44%
Long-term expected rate of return, net of investment expense <sup>(1)</sup>	Does not apply	Does not apply
Municipal bond rate <sup>(1)</sup>	3.78%	3.44%

<sup>(1)</sup>The OPEB plan has been determined to be an unfunded OPEB plan; therefore, only the municipal bond rate applies.

**LIVE OAK COUNTY, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2018**

**Other Key Actuarial Assumptions**

All actuarial assumptions that determined the total OPEB liability as of December 31, 2017 were based on the results of an actuarial experience study for the period January 1, 2013 - December 31, 2016, except where required to be different by GASB 75.

**Sensitive Analysis**

The following presents the Total OPEB Liability of the employer, calculated using the discount rate of 3.44%, as well as what the Live Oak County Total OPEB Liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.44%) or 1 percentage point higher (4.44%) than the current rate. Note that the healthcare cost trend rate does not affect the Total OPEB Liability, so sensitivity to the healthcare cost trend rate is not shown.

	<b>1% Decrease</b>	<b>Current Discount Rate</b>	<b>1% Increase</b>
	<b>2.44%</b>	<b>3.44%</b>	<b>4.44%</b>
Total OPEB Liability	345,296	292,874	251,772

**Changes in Total OPEB Liability**

	<b>Changes in Total OPEB Liability</b>
OPEB Liability as of December 31, 2016	277,774
Changes for the year:	
Service cost	13,082
Interest on total OPEB liability <sup>(1)</sup>	10,821
Changes of benefit terms <sup>(2)</sup>	-
Effect of economic/demographic experience	(11,634)
Effect of assumptions changes or inputs <sup>(3)</sup>	12,070
Benefit payments	(9,239)
Other	-
OPEB liability as of December 31, 2017	<u>292,874</u>

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

<sup>(2)</sup>No plan changes valued

<sup>(3)</sup>Reflects change in discount rate and the new assumptions adopted based on the January 1, 2013 - December 31, 2016 Investigation of Experience.



**LIVE OAK COUNTY, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2018**

**OPEB Expenses / (Income)**

	<u>January 1, 2017 to December 31, 2017</u>
Service cost	13,082
Interest on total OPEB liability <sup>(1)</sup>	10,821
Effect on plan changes	-
Recognition of deferred inflows/outflows of resources	
Recognition of economic/demographic gains or losses	(1,939)
Recognition of assumption changes or inputs	2,012
Other	-
OPEB expense / (income)	<u>23,976</u>

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

As of December 31, 2017, the deferred inflows and outflows of resources are as follows:

<b>Deferred Inflows / Outflows of Resources</b>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>
Differences between expected and actual experience	9,695	-
Changes in assumptions	-	10,058
Contributions made subsequent to measurement date <sup>(2)</sup>	N/A	8,359
Total	<u>9,695</u>	<u>18,417</u>

Amounts currently reported as deferred outflows of resources and deferred inflows of resources related to OPEB benefits, excluding contributions made subsequent to the measurement date, will be recognized in OPEB expense as follows:

Year ended December 31:	
2018	73
2019	73
2020	73
2021	73
2022	73
Thereafter <sup>(3)</sup>	0

<sup>(2)</sup>Any eligible employer contributions made subsequent to the measurement date through the employer's fiscal year end should be reflected as outlined in Appendix C of this report.

<sup>(3)</sup>Total remaining balance to be recognized in future years, if any. Note that additional future deferred inflows and outflows of resources may impact these numbers.

**11. DEFERRED COMPENSATION PLAN**

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

The funds in the plan are held by the Public Employees Benefit Service Corporation, Columbus, Ohio (PEBSCO) as the plan administrator for the County. This plan qualifies under the requirements of the Internal Revenue Code Section 457, Subsection g. The funds are held in trust by PEBSCO for the exclusive benefits of the employees and their beneficiaries who will receive these funds directly from PEBSCO. Since these funds are directly remitted by PEBSCO to the County employees and their beneficiaries, the County no longer owns the amounts deferred by the employees or related income on these amounts. Therefore, since the plan does not qualify to be included with the County's fiduciary funds, there are not any plan assets included in the County's financial statements.

**12. RISK MANAGEMENT**

The County is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County has utilized the purchase of commercial insurance to cover any potential losses. Except for minimal deductibles, the County has transferred risk of loss to commercial issuers. There have been no significant reductions in insurance coverage from coverage in the prior year. Settlement amounts have not exceeded insurance coverage for the year ended December 31, 2018 or the three prior years.

**13. COMMITMENTS AND CONTINGENT LIABILITIES**

In the opinion of County Attorney and management, there is no pending or threatened litigation against the County that would have a material effect on the County's financial position or operations.

The County participates in certain federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

**14. COMMITMENTS UNDER NONCAPITALIZED LEASES**

Operating Leases:

The County leases equipment. Most of the leases are cancelable.

Minimum lease commitments for the next five years are immaterial.

**LIVE OAK COUNTY, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2018**

**15. FUND BALANCES**

The following is a summary of Governmental fund balances of the County at December 31, 2018:

<u>GENERAL FUND</u>	
Unassigned	<u>15,330,480</u>
<u>ROAD AND BRIDGE FUND</u>	
Committed:	
Highways, Streets and Bridges	<u>15,860,778</u>
<u>OTHER GOVERNMENTAL FUNDS</u>	
Restricted:	
Retirement of Long-Term Debt	55,207
Committed:	
Solid Waste	120,821
Airport	58,119
Courthouse Security	31,453
County Clerk Records Management	169,751
Records Mgmt. and Preservation	2,953
Justice Technology	24,158
Buyout Program	16,000
County and District Technology	<u>5,809</u>
TOTAL COMMITTED	<u>429,064</u>
Unassigned:	
Indigent Health Care	<u>(29,111)</u>
TOTAL OTHER GOVERNMENTAL FUND BALANCE	<u>455,160</u>
TOTAL GOVERNMENTAL FUND BALANCE	<u><u>31,646,418</u></u>

**16. RESTATEMENT OF FUND BALANCE AND NET POSITION**

As a result of the adoption of GASB Statement No. 75, the beginning net position of the governmental activities was restated. The Statement replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. Also, during the year, management determined that intergovernmental receivables had been understated at December 31, 2017. As a result, the beginning fund balance and net position as of January 1, 2018, have been restated as follows:

**LIVE OAK COUNTY, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2018**

	General Fund Balance	Government-wide Level Net Position
Beginning equity, as originally stated	16,880,315	50,315,806
Restatement for GASB Statement No. 75	-	(277,774)
Restatement for understated receivable	164,944	164,944
Beginning equity, as restated	<u>17,045,259</u>	<u>50,202,976</u>

**17. SUBSEQUENT EVENT**

On March 11, 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19) a pandemic. As a result, economic uncertainties have arisen which are likely to negatively impact net income. The County is closely monitoring the situation, but the extent of impact is unknown at this time.

# REQUIRED SUPPLEMENTARY INFORMATION

## Major General and Special Revenue Funds Budgetary Comparisons

The following are the Major governmental funds of the County:

The General Fund is utilized to account for all County revenues and expenditures except those which are required by law to be classified in other funds and such other funds that are presented separately to facilitate proper accountability.

The Road and Bridge Special Revenue Fund is used to account for costs associated with the construction and maintenance of roads and bridges in the County. Revenues are derived primarily from ad valorem taxes, vehicle registration charges, State Lateral Road Distribution funds, and interest.

## NOTES

The Notes to Required Supplementary Information provide information on the County's budget process.

## TCDRS PENSION PLAN

Schedule of Changes in Net Pension Liability and Related Ratios  
Schedule of Employer Contributions

## TCDRS OPEB PLAN

Schedule of Changes in Total OPEB Liability and Related Ratios

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**LIVE OAK COUNTY, TEXAS  
SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2018**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b>REVENUES</b>				
Taxes	4,950,000	4,950,000	6,144,481	1,194,481
Licenses and Permits	21,400	21,400	28,556	7,156
Intergovernmental	326,957	326,957	366,260	39,303
Fees	1,319,550	1,319,550	1,678,313	358,763
Fines and Forfeitures	536,000	536,000	613,267	77,267
Investment Income	50,800	50,800	124,431	73,631
Other	21,685	21,685	244,497	222,812
<b>Total Revenues</b>	<u>7,226,392</u>	<u>7,226,392</u>	<u>9,199,805</u>	<u>1,973,413</u>
<b>EXPENDITURES</b>				
Current				
General Government	1,489,687	1,489,687	854,226	635,461
Judicial	746,151	746,151	677,003	69,148
Elections	-	-	-	-
Financial	1,326,677	1,460,260	1,432,818	27,442
Legal	733,918	815,936	760,667	55,269
Public Facilities	2,250,629	1,924,194	1,160,418	763,776
Environmental Protection	-	-	-	-
Public Safety	4,843,387	4,843,387	4,473,031	370,356
Highways, Streets & Bridges	-	-	-	-
Health and Welfare	820,474	836,474	743,924	92,550
Culture and Recreation	183,387	195,387	161,706	33,681
Conservation	109,332	109,332	102,791	6,541
Economic Development	-	-	-	-
Airport	-	-	-	-
Debt Service				
Principal Retirement	-	-	-	-
Interest and Fiscal Charges	-	-	-	-
<b>Total Expenditures</b>	<u>12,503,642</u>	<u>12,420,808</u>	<u>10,366,584</u>	<u>2,054,224</u>
 Excess (Deficiency) of Revenues Over Expenditures	 <u>(5,277,250)</u>	 <u>(5,194,416)</u>	 <u>(1,166,779)</u>	 <u>4,027,637</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Capital Lease Proceeds	-	-	-	-
Transfers In	-	-	-	-
Transfers Out	(485,000)	(573,000)	(548,000)	25,000
<b>Total Other Financing Sources (Uses)</b>	<u>(485,000)</u>	<u>(573,000)</u>	<u>(548,000)</u>	<u>25,000</u>
 Net Change in Fund Balance	 (5,762,250)	 (5,767,416)	 (1,714,779)	 4,052,637
 Fund Balance at Beginning of Year (Restated)	 <u>16,880,315</u>	 <u>16,880,315</u>	 <u>17,045,259</u>	 <u>164,944</u>
<b>Fund Balance at End of Year</b>	<u><u>11,118,065</u></u>	<u><u>11,112,899</u></u>	<u><u>15,330,480</u></u>	<u><u>4,217,581</u></u>

See accompanying notes to required supplementary information.

**LIVE OAK COUNTY, TEXAS  
SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
ROAD AND BRIDGE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2017**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b>REVENUES</b>				
Taxes	6,315,000	6,315,000	6,300,707	(14,293)
Licenses and Permits	460,000	460,000	513,336	53,336
Intergovernmental	40,000	40,000	141,230	101,230
Investment Income	10,200	10,200	129,220	119,020
Other	-	-	25,531	25,531
<b>Total Revenues</b>	<u>6,825,200</u>	<u>6,825,200</u>	<u>7,110,024</u>	<u>284,824</u>
<b>EXPENDITURES</b>				
Current				
General Administration	-	-	-	-
Financial	143,898	143,898	146,896	(2,998)
Environmental Protection	-	-	-	-
Public Safety	53,042	53,042	40,046	12,996
Highways, Streets and Bridges	7,457,160	7,449,094	5,154,339	2,294,755
Culture & Recreation	-	-	-	-
Debt Service				
Principal Retirement	104,042	108,069	-	108,069
Interest and Fiscal Charges	-	4,039	-	4,039
<b>Total Expenditures</b>	<u>7,758,142</u>	<u>7,758,142</u>	<u>5,341,281</u>	<u>2,416,861</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(932,942)</u>	<u>(932,942)</u>	<u>1,768,743</u>	<u>2,701,685</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Capital Lease Proceeds	-	-	-	-
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	<u>(932,942)</u>	<u>(932,942)</u>	<u>1,768,743</u>	<u>2,701,685</u>
Fund Balance at Beginning of Year	14,092,035	14,092,035	14,092,035	-
Fund Balance at End of Year	<u>13,159,093</u>	<u>13,159,093</u>	<u>15,860,778</u>	<u>2,701,685</u>

See accompanying notes to required supplementary information.



**LIVE OAK COUNTY, TEXAS  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
DECEMBER 31, 2018**

**BUDGETS AND BUDGETARY ACCOUNTING**

The County Judge is, by statute, the Budget Officer of the County. He usually requests and relies on the assistance of the County Auditor to prepare the annual budget. After being furnished budget guidelines by the Commissioners Court, the County Judge, with the help of the County Auditor, prepares an estimate of revenues and a compilation of requested departmental expenditures and submits this data to the Commissioners Court.

The Commissioners Court invites various department heads to appear for a hearing concerning the department's budget request. Before determining the final budget, the Commissioners Court may increase or decrease the amounts requested by various departments. Amounts finally budgeted may not exceed the estimate of revenues and available resources. Also, amendments can be made within the above guidelines.

When the budget has been adopted by the Commissioners Court, the County Auditor is responsible for monitoring the expenditures of the various departments of the County to prevent expenditures from exceeding budgeted appropriations and for keeping the members of Commissioners Court advised of the condition of the various funds and accounts. Appropriations lapse at year end. The legal level of budgetary control (the level on which expenditures may not exceed appropriations) is on an object class basis.

The Commissioners Court may levy taxes only in accordance with the budget. After final approval of the budget, the Commissioners Court may spend County funds only in strict compliance with the budget except in an emergency. The Commissioners Court may authorize an emergency expenditure as an amendment to the original budget only in a case of grave public necessity to meet an unusual and unforeseen condition that could have not been included in the original budget through the use of reasonable diligent thought and attention. If the court amends the original budget to meet an emergency, the court must file a copy of its order amending the budget with the County Clerk and the clerk shall attach the copy to the original budget. Only the Commissioners Court may amend the budget and shift funds from one budget account to another.

The original budget is adopted by the Commissioners Court and filed with the County Clerk. Amendments are made during the year and approved by the Commissioners Court. During the current year the budget was amended. Both the original and final amended budgets are presented in this report.

Budgets for the General Fund and Special Revenue Funds are adopted on a modified accrual basis in accordance with generally accepted accounting principles (GAAP basis). Budgets were adopted for all governmental funds in 2018.

**LIVE OAK COUNTY, TEXAS**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM**

**Schedule of Changes in Net Pension Liability and Related Ratios**

Year Ended December 31

	2017	2016	2015	2014
<b>Total Pension Liability</b>				
Service cost	826,760	864,679	743,652	625,886
Interest on total pension liability	1,552,453	1,405,541	1,307,199	1,174,153
Effect of plan changes	-	-	(102,093)	-
Effect of assumption changes or inputs	211,794	-	188,204	-
Effect of economic/demographic (gains) or losses	(309,814)	(107,130)	(282,015)	364,659
Benefit payments/refunds of contributions	(820,065)	(686,921)	(630,102)	(614,434)
Net change in total pension liability	1,461,128	1,476,169	1,224,845	1,550,263
Total pension liability, beginning	18,741,382	17,265,213	16,040,368	14,490,105
Total pension liability, ending (a)	20,202,510	18,741,382	17,265,213	16,040,368
<b>Fiduciary Net Position</b>				
Employer contributions	605,901	1,122,513	1,147,673	1,188,491
Member contributions	340,395	349,727	342,426	305,031
Investment income net of investment expenses	2,601,736	1,172,031	(211,110)	898,680
Benefit payments/refunds of contributions	(820,065)	(686,921)	(630,102)	(614,434)
Administrative expenses	(13,651)	(12,739)	(11,154)	(10,964)
Other	1,563	102,057	23,324	46,763
Net change in fiduciary net position	2,715,879	2,046,668	661,058	1,813,567
Fiduciary net position, beginning	17,810,461	15,763,793	15,102,735	13,289,169
Fiduciary net position, ending (b)	20,526,340	17,810,461	15,763,793	15,102,736
Net pension liability / (asset), ending = (a) - (b)	(323,830)	930,921	1,501,420	937,633
Fiduciary net position as a % of total pension liability	101.60%	95.03%	91.30%	94.15%
Pensionable covered payroll	4,862,792	4,996,113	4,891,806	4,357,590
Net pension liability as a % of covered payroll	-6.66%	18.63%	30.69%	21.52%

The County will continue to add data until ten years are presented.  
 GASB Statement No. 68 was implemented in fiscal year 2015 and prior information is not available.

LIVE OAK COUNTY, TEXAS  
 REQUIRED SUPPLEMENTARY INFORMATION  
 TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM

**Schedule of Employer Contributions**

Year Ending December 31	Actuarially Determined Contribution <sup>(1)</sup>	Actual Employer Contribution <sup>(1)</sup>	Contribution Deficiency (Excess)	Pensionable Covered Payroll <sup>(2)</sup>	Actual Contribution as a % of Covered Payroll
2008	298,698	298,698	-	2,397,259	12.5%
2009	316,948	332,422	(15,474)	2,667,914	12.5%
2010	299,417	313,771	(14,354)	2,518,227	12.5%
2011	308,517	321,686	(13,169)	2,581,734	12.5%
2012	365,841	619,997	(254,156)	2,969,486	20.9%
2013	677,838	1,177,829	(499,991)	3,740,827	31.5%
2014	688,491	1,188,491	(500,000)	4,357,590	27.3%
2015	647,673	1,147,673	(500,000)	4,891,806	23.5%
2016	595,037	1,122,513	(527,476)	4,996,113	22.5%
2017	563,598	605,901	(42,303)	4,862,792	12.5%

<sup>(1)</sup> TCDRS calculates actuarially determined contributions on a calendar year basis. GASB Statement No. 68 indicates the employer should report employer contribution amounts on a fiscal year basis.

<sup>(2)</sup> Payroll is calculated based on contributions as reported to TCDRS.

LIVE OAK COUNTY, TEXAS  
 REQUIRED SUPPLEMENTARY INFORMATION  
 TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM

**Schedule of Changes in Total OPEB Liability and Related Ratios**

	<b>Year Ended December 31 2017</b>
<b>Total OPEB Liability</b>	
Service cost	13,082
Interest on total OPEB liability	10,821
Effect of plan changes	-
Effect of assumption changes or inputs	12,070
Effect of economic/demographic (gains) or losses	(11,634)
Benefit payments	<u>(9,239)</u>
Net change in total OPEB liability	15,100
Total OPEB liability, beginning	<u>277,774</u>
Total OPEB liability, ending	<u>292,874</u>
Pensionable covered payroll	4,862,792
Net OPEB liability (asset) as a % of covered payroll	6.02%

The County will continue to add data until ten years are presented.

GASB Statement No. 75 was implemented in fiscal year 2018 and prior information is not available.

**COMBINING AND INDIVIDUAL FUND  
FINANCIAL STATEMENTS AND SCHEDULES AS  
SUPPLEMENTARY INFORMATION**

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**NON-MAJOR GOVERNMENTAL FUNDS**

LIVE OAK COUNTY, TEXAS  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 DECEMBER 31, 2018

	Solid Waste Disposal	Airport	Courthouse Security	Co. Clerk Records Management	Records Mgmt. and Preservation
<b>ASSETS</b>					
Cash and Cash Equivalents	129,995	58,819	32,399	171,175	13,079
Receivables					
Taxes Receivable	-	-	-	-	-
Due from Other Funds	-	-	-	-	-
Due from Others	706	200	-	-	-
<b>Total Assets</b>	<u>130,701</u>	<u>58,819</u>	<u>32,399</u>	<u>171,175</u>	<u>13,079</u>
<b>LIABILITIES</b>					
Accounts Payable	7,677	305	-	1,424	10,126
Due to Other Funds	-	-	-	-	-
Accrued Wages	2,203	395	946	-	-
<b>TOTAL LIABILITIES</b>	<u>9,880</u>	<u>700</u>	<u>946</u>	<u>1,424</u>	<u>10,126</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable Revenues - Property Taxes	-	-	-	-	-
Deferred Revenues - Property Taxes	-	-	-	-	-
Advanced Tax Collections	-	-	-	-	-
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>					
Restricted for Debt Service	-	-	-	-	-
Committed	120,821	58,119	31,453	169,751	2,953
Unassigned	-	-	-	-	-
<b>TOTAL FUND BALANCE</b>	<u>120,821</u>	<u>58,119</u>	<u>31,453</u>	<u>169,751</u>	<u>2,953</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<u>130,701</u>	<u>58,819</u>	<u>32,399</u>	<u>171,175</u>	<u>13,079</u>



SPECIAL REVENUE FUNDS

Indigent Health	Justice Technology	Buyout Program Fund	County and District Technology Fund	Total Special Revenue Funds	Debt Service Fund	Total Nonmajor Governmental Funds
13,824	24,184	(26,278)	5,809	422,806	464,746	887,552
-	-	-	-	-	152,997	152,997
-	-	-	-	-	12,331	12,331
19,321	-	42,278	-	62,505	38,549	101,054
<u>33,145</u>	<u>24,184</u>	<u>16,000</u>	<u>5,809</u>	<u>485,311</u>	<u>668,623</u>	<u>1,153,934</u>
62,256	26	-	-	81,814	-	81,814
-	-	-	-	-	-	-
-	-	-	-	3,544	-	3,544
<u>62,256</u>	<u>26</u>	<u>-</u>	<u>-</u>	<u>85,358</u>	<u>-</u>	<u>85,358</u>
-	-	-	-	-	32,729	32,729
-	-	-	-	-	120,268	120,268
-	-	-	-	-	480,419	480,419
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>613,416</u>	<u>613,416</u>
-	-	-	-	-	55,207	55,207
-	24,158	16,000	5,809	429,064	-	429,064
(29,111)	-	-	-	(29,111)	-	(29,111)
<u>(29,111)</u>	<u>24,158</u>	<u>16,000</u>	<u>5,809</u>	<u>399,953</u>	<u>55,207</u>	<u>455,160</u>
<u>33,145</u>	<u>24,184</u>	<u>16,000</u>	<u>5,809</u>	<u>485,311</u>	<u>668,623</u>	<u>1,153,934</u>

**LIVE OAK COUNTY, TEXAS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Solid Waste Disposal	Airport	Courthouse Security	Co. Clerk Records Management	Records Mgmt. and Preservation
<b>REVENUES</b>					
Taxes	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Charges for Services	48,296	-	31,245	71,636	8,101
Investment Income	980	374	280	926	56
Miscellaneous	4,642	58,275	-	-	-
<b>Total Revenues</b>	<u>53,918</u>	<u>58,649</u>	<u>31,525</u>	<u>72,562</u>	<u>8,157</u>
<b>EXPENDITURES</b>					
Current					
General Administration	-	-	-	40,527	-
Judicial	-	-	48,175	-	-
Legal	-	-	-	-	-
Public Facilities	-	-	21,475	-	-
Environmental Protection	207,438	-	-	-	-
Public Safety	-	-	-	-	-
Health and Welfare	-	-	-	-	-
Culture and Recreation	-	-	-	-	-
Conservation	-	-	-	-	-
Airport	-	61,281	-	-	-
Debt Service					
Principal Retirement	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-
<b>Total Expenditures</b>	<u>207,438</u>	<u>61,281</u>	<u>69,650</u>	<u>40,527</u>	<u>-</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(153,520)</u>	<u>(2,632)</u>	<u>(38,125)</u>	<u>32,035</u>	<u>8,157</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In	175,000	10,000	-	-	-
Transfers Out	-	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>175,000</u>	<u>10,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Change In Fund Balances</b>	21,480	7,368	(38,125)	32,035	8,157
Fund Balances at Beginning of Year	99,341	50,751	69,578	137,716	(5,204)
Fund Balances at End of Year	<u>120,821</u>	<u>58,119</u>	<u>31,453</u>	<u>169,751</u>	<u>2,953</u>

SPECIAL REVENUE FUNDS

Indigent Health	Justice Technology	Buyout Program Fund	County and District Technology Fund	Total Special Revenue Funds	Debt Service Fund	Total Nonmajor Governmental Funds
-	-	-	-	-	536,523	536,523
-	-	58,278	-	58,278	-	58,278
-	25,850	-	699	185,827	-	185,827
-	83	-	35	2,734	777	3,511
-	-	-	-	62,917	-	62,917
<u>-</u>	<u>25,933</u>	<u>58,278</u>	<u>734</u>	<u>309,756</u>	<u>537,300</u>	<u>847,056</u>
-	-	-	-	40,527	-	40,527
-	-	-	-	48,175	-	48,175
-	24	-	-	24	-	24
-	-	-	-	21,475	-	21,475
-	-	-	-	207,438	-	207,438
-	-	-	-	-	-	-
290,044	-	-	-	290,044	-	290,044
-	-	-	-	-	-	-
-	-	42,278	-	42,278	-	42,278
-	-	-	-	61,281	-	61,281
-	-	-	-	-	300,000	300,000
-	-	-	-	-	235,210	235,210
<u>290,044</u>	<u>24</u>	<u>42,278</u>	<u>-</u>	<u>711,242</u>	<u>535,210</u>	<u>1,246,452</u>
<u>(290,044)</u>	<u>25,909</u>	<u>16,000</u>	<u>734</u>	<u>(401,486)</u>	<u>2,090</u>	<u>(399,396)</u>
363,000	-	-	-	548,000	-	548,000
-	-	-	-	-	-	-
<u>363,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>548,000</u>	<u>-</u>	<u>548,000</u>
72,956	25,909	16,000	734	146,514	2,090	148,604
(102,067)	(1,751)	-	5,075	253,439	53,117	306,556
<u>(29,111)</u>	<u>24,158</u>	<u>16,000</u>	<u>5,809</u>	<u>399,953</u>	<u>55,207</u>	<u>455,160</u>

**LIVE OAK COUNTY, TEXAS  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2018  
SOLID WASTE DISPOSAL FUND**

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
<b>REVENUES</b>				
Charges for Services	46,000	46,000	48,296	2,296
Investment Income	700	700	980	280
Miscellaneous	-	-	4,642	4,642
Total Revenues	<u>46,700</u>	<u>46,700</u>	<u>53,918</u>	<u>7,218</u>
<b>EXPENDITURES</b>				
Environmental Protection	<u>198,575</u>	<u>218,575</u>	<u>207,438</u>	<u>11,137</u>
Total Expenditures	<u>198,575</u>	<u>218,575</u>	<u>207,438</u>	<u>11,137</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(151,875)</u>	<u>(171,875)</u>	<u>(153,520)</u>	<u>18,355</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	175,000	195,000	175,000	(20,000)
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	<u>175,000</u>	<u>195,000</u>	<u>175,000</u>	<u>(20,000)</u>
Net Change in Fund Balance	23,125	23,125	21,480	(1,645)
Fund Balance at Beginning of Year	<u>99,341</u>	<u>99,341</u>	<u>99,341</u>	<u>-</u>
Fund Balance at End of Year	<u>122,466</u>	<u>122,466</u>	<u>120,821</u>	<u>(1,645)</u>

**LIVE OAK COUNTY, TEXAS  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2018  
AIRPORT FUND**

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
<b>REVENUES</b>				
Investment Income	300	300	374	74
Miscellaneous	43,350	43,350	58,275	14,925
<b>Total Revenues</b>	<u>43,650</u>	<u>43,650</u>	<u>58,649</u>	<u>14,999</u>
<b>EXPENDITURES</b>				
Airport	60,262	65,262	61,281	3,981
<b>Total Expenditures</b>	<u>60,262</u>	<u>65,262</u>	<u>61,281</u>	<u>3,981</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(16,612)</u>	<u>(21,612)</u>	<u>(2,632)</u>	<u>18,980</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	10,000	15,000	10,000	(5,000)
Transfers Out	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>10,000</u>	<u>15,000</u>	<u>10,000</u>	<u>(5,000)</u>
<b>Net Change in Fund Balance</b>	(6,612)	(6,612)	7,368	13,980
Fund Balance at Beginning of Year	50,751	50,751	50,751	-
<b>Fund Balance at End of Year</b>	<u>44,139</u>	<u>44,139</u>	<u>58,119</u>	<u>13,980</u>

**LIVE OAK COUNTY, TEXAS  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2018  
COURTHOUSE SECURITY FUND**

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
<b>REVENUES</b>				
Charges for Services	23,000	23,000	31,245	8,245
Investment Income	100	100	280	180
<b>Total Revenues</b>	<u>23,100</u>	<u>23,100</u>	<u>31,525</u>	<u>8,425</u>
<b>EXPENDITURES</b>				
Judicial	85,852	85,852	48,175	37,677
Legal	-	-	-	-
Public Facilities	40,000	40,000	21,475	-
<b>Total Expenditures</b>	<u>125,852</u>	<u>125,852</u>	<u>69,650</u>	<u>37,677</u>
 Excess (Deficiency) of Revenues Over Expenditures	 <u>(102,752)</u>	 <u>(102,752)</u>	 <u>(38,125)</u>	 <u>46,102</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Net Change in Fund Balance	 (102,752)	 (102,752)	 (38,125)	 46,102
Fund Balance at Beginning of Year	69,578	69,578	69,578	-
Fund Balance at End of Year	<u>(33,174)</u>	<u>(33,174)</u>	<u>31,453</u>	<u>46,102</u>

LIVE OAK COUNTY, TEXAS  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
 IN FUND BALANCES - BUDGET AND ACTUAL  
 FOR THE YEAR ENDED DECEMBER 31, 2018  
 COUNTY CLERK RECORDS MANAGEMENT FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b>REVENUES</b>				
Charges for Services	60,000	60,000	71,636	11,636
Investment Income	200	200	926	726
<b>Total Revenues</b>	<u>60,200</u>	<u>60,200</u>	<u>72,562</u>	<u>12,362</u>
<b>EXPENDITURES</b>				
General Administration	80,000	80,000	40,527	39,473
<b>Total Expenditures</b>	<u>80,000</u>	<u>80,000</u>	<u>40,527</u>	<u>39,473</u>
 Excess (Deficiency) of Revenues Over Expenditures	 <u>(19,800)</u>	 <u>(19,800)</u>	 <u>32,035</u>	 <u>51,835</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Net Change in Fund Balance	 (19,800)	 (19,800)	 32,035	 51,835
Fund Balance at Beginning of Year	137,716	137,716	137,716	-
<b>Fund Balance at End of Year</b>	<u>117,916</u>	<u>117,916</u>	<u>169,751</u>	<u>51,835</u>

**LIVE OAK COUNTY, TEXAS  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2018  
RECORDS MANAGEMENT AND PRESERVATION FUND**

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
<b>REVENUES</b>				
Charges for Services	6,000	6,000	8,101	2,101
Investment Income	10	10	56	46
<b>Total Revenues</b>	<u>6,010</u>	<u>6,010</u>	<u>8,157</u>	<u>2,147</u>
<b>EXPENDITURES</b>				
Judicial	4,000	4,000	-	4,000
<b>Total Expenditures</b>	<u>4,000</u>	<u>4,000</u>	<u>-</u>	<u>4,000</u>
 Excess (Deficiency) of Revenues Over Expenditures	 <u>2,010</u>	 <u>2,010</u>	 <u>8,157</u>	 <u>6,147</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Net Change in Fund Balance	 2,010	 2,010	 8,157	 6,147
Fund Balance at Beginning of Year	(5,204)	(5,204)	(5,204)	-
<b>Fund Balance at End of Year</b>	<u>(3,194)</u>	<u>(3,194)</u>	<u>2,953</u>	<u>6,147</u>



**LIVE OAK COUNTY, TEXAS  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2018  
INDIGENT HEALTH FUND**

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
<b>REVENUES</b>				
Investment Income	-	-	-	-
Miscellaneous	-	-	-	-
<b>Total Revenues</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES</b>				
Health and Welfare	<u>300,000</u>	<u>300,000</u>	<u>290,044</u>	<u>9,956</u>
<b>Total Expenditures</b>	<u>300,000</u>	<u>300,000</u>	<u>290,044</u>	<u>9,956</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(300,000)</u>	<u>(300,000)</u>	<u>(290,044)</u>	<u>9,956</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	300,000	300,000	363,000	63,000
Transfers Out	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>300,000</u>	<u>300,000</u>	<u>363,000</u>	<u>63,000</u>
<b>Net Change in Fund Balance</b>	-	-	72,956	72,956
<b>Fund Balances at Beginning of Year</b>	<u>(102,067)</u>	<u>(102,067)</u>	<u>(102,067)</u>	-
<b>Fund Balances at End of Year</b>	<u>(102,067)</u>	<u>(102,067)</u>	<u>(29,111)</u>	<u>72,956</u>

LIVE OAK COUNTY, TEXAS  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
 IN FUND BALANCES - BUDGET AND ACTUAL  
 FOR THE YEAR ENDED DECEMBER 31, 2018  
 JUSTICE TECHNOLOGY FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
<b>REVENUES</b>				
Charges for Services	17,000	17,000	25,850	8,850
Investment Income	100	100	83	(17)
Miscellaneous	-	-	-	-
Total Revenues	<u>17,100</u>	<u>17,100</u>	<u>25,933</u>	<u>8,833</u>
<b>EXPENDITURES</b>				
Legal	<u>28,890</u>	<u>28,890</u>	<u>24</u>	<u>28,866</u>
Total Expenditures	<u>28,890</u>	<u>28,890</u>	<u>24</u>	<u>28,866</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(11,790)</u>	<u>(11,790)</u>	<u>25,909</u>	<u>37,699</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	(11,790)	(11,790)	25,909	37,699
Fund Balances at Beginning of Year	<u>(1,751)</u>	<u>(1,751)</u>	<u>(1,751)</u>	<u>-</u>
Fund Balances at End of Year	<u>(13,541)</u>	<u>(13,541)</u>	<u>24,158</u>	<u>37,699</u>

**LIVE OAK COUNTY, TEXAS  
SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2018  
BUYOUT PROGRAM FUND**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b>REVENUES</b>				
Taxes	-	-	-	-
Licenses and Permits	-	-	-	-
Intergovernmental	96,000	96,000	58,278	(37,722)
Investment Income	-	-	-	-
Other	-	-	-	-
<b>Total Revenues</b>	<u>96,000</u>	<u>96,000</u>	<u>58,278</u>	<u>(37,722)</u>
<b>EXPENDITURES</b>				
Current				
General Administration	-	-	-	-
Financial	-	-	-	-
Environmental Protection	-	-	-	-
Public Safety	-	-	-	-
Conservation	96,000	96,000	42,278	53,722
Debt Service				
Principal Retirement	-	-	-	-
Interest and Fiscal Charges	-	-	-	-
<b>Total Expenditures</b>	<u>96,000</u>	<u>96,000</u>	<u>42,278</u>	<u>53,722</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>16,000</u>	<u>16,000</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	-	-	16,000	16,000
Fund Balance (Deficits) at Beginning of Year	-	-	-	-
Fund Balance (Deficits) at End of Year	<u>-</u>	<u>-</u>	<u>16,000</u>	<u>16,000</u>

See accompanying notes to required supplemental information.

LIVE OAK COUNTY, TEXAS  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
 IN FUND BALANCES - BUDGET AND ACTUAL  
 FOR THE YEAR ENDED DECEMBER 31, 2018  
 COUNTY AND DISTRICT TECHNOLOGY FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b>REVENUES</b>				
Fees	600	600	699	99
Investment Income	10	10	35	25
Miscellaneous	-	-	-	-
<b>Total Revenues</b>	<u>610</u>	<u>610</u>	<u>734</u>	<u>124</u>
<b>EXPENDITURES</b>				
Legal	500	500	-	500
<b>Total Expenditures</b>	<u>500</u>	<u>500</u>	<u>-</u>	<u>500</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>110</u>	<u>110</u>	<u>734</u>	<u>624</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	110	110	734	624
<b>Fund Balances at Beginning of Year</b>	<u>5,075</u>	<u>5,075</u>	<u>5,075</u>	<u>-</u>
<b>Fund Balances at End of Year</b>	<u>5,185</u>	<u>5,185</u>	<u>5,809</u>	<u>624</u>

**DEBT SERVICE FUND**

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**LIVE OAK COUNTY, TEXAS  
 COMPARATIVE BALANCE SHEETS  
 DEBT SERVICE FUND  
 DECEMBER 31, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
<b>ASSETS</b>		
Cash and Cash Equivalents	464,746	422,560
Receivables		
Taxes Receivable	152,997	167,961
Due From Other Funds	12,331	-
Due From Others	38,549	29,603
<b>TOTAL ASSETS</b>	<u>668,623</u>	<u>620,124</u>
<b>LIABILITIES</b>		
Accounts Payable	-	-
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Unavailable Revenues - Property Taxes	32,729	33,169
Deferred Revenues - Property Taxes	120,268	134,793
Advanced Tax Collections	460,419	399,045
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>613,416</u>	<u>567,007</u>
<b>FUND BALANCES</b>		
Restricted for Debt Service	55,207	53,117
Total Fund Balances	<u>55,207</u>	<u>53,117</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS    OF RESOURCES AND FUND BALANCES</b>	<u>668,623</u>	<u>620,124</u>

**LIVE OAK COUNTY, TEXAS  
SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
DEBT SERVICE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
<b>REVENUES</b>				
Taxes	510,000	510,000	536,523	26,523
Licenses and Permits	-	-	-	-
Intergovernmental	-	-	-	-
Investment Income	100	100	777	677
Other	-	-	-	-
Total Revenues	<u>510,100</u>	<u>510,100</u>	<u>537,300</u>	<u>27,200</u>
<b>EXPENDITURES</b>				
Current				
General Administration	-	-	-	-
Financial	-	-	-	-
Environmental Protection	-	-	-	-
Public Safety	-	-	-	-
Conservation	-	-	-	-
Debt Service				
Principal Retirement	300,000	300,000	300,000	-
Interest and Fiscal Charges	235,210	235,210	235,210	-
Total Expenditures	<u>535,210</u>	<u>535,210</u>	<u>535,210</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(25,110)</u>	<u>(25,110)</u>	<u>2,090</u>	<u>27,200</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	(25,110)	(25,110)	2,090	27,200
Fund Balance at Beginning of Year	53,117	53,117	53,117	-
Fund Balance at End of Year	<u>28,007</u>	<u>28,007</u>	<u>55,207</u>	<u>27,200</u>



**ROAD AND BRIDGE SUB-FUNDS**

**LIVE OAK COUNTY, TEXAS  
SCHEDULE - COMBINING BALANCE SHEET  
ROAD AND BRIDGE SUB-FUNDS  
DECEMBER 31, 2018**

	ROAD		
	Road and Bridge Precinct 1	Road and Bridge Precinct 2	Road and Bridge Precinct 3
<b>ASSETS</b>			
Cash and Cash Equivalents	1,153,926	1,509,550	2,926,986
Investments	-	-	-
Receivables			
Taxes Receivable	-	-	-
Due from Others	-	-	-
Due from Road & Bridge Sub Fund	-	-	-
Prepaid Items	-	-	-
<b>TOTAL ASSETS</b>	<u>1,153,926</u>	<u>1,509,550</u>	<u>2,926,986</u>
<b>LIABILITIES</b>			
Accounts Payable	93,326	1,965	3,497
Due to Road & Bridge Sub Fund	-	-	-
Accrued Wages	10,034	7,943	4,118
	<u>103,360</u>	<u>9,908</u>	<u>7,615</u>
<b>TOTAL LIABILITIES</b>			
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable Revenues - Property Taxes	-	-	-
Deferred Revenue - Property Taxes	-	-	-
Advanced Tax Collections	-	-	-
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>			
Committed	1,050,566	1,499,642	2,919,371
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<u>1,153,926</u>	<u>1,509,550</u>	<u>2,926,986</u>

AND BRIDGE SUB-FUNDS

Road and Bridge Precinct 4	Road and Bridge General	FM and Lateral Road	Special Lateral Road	Total Road and Bridge Fund
1,807,598	5,028,142	6,562,423	208,062	19,196,687
-	-	2,018,258	-	2,018,258
-	453,411	1,361,163	-	1,814,574
102	125,642	367,828	-	493,572
-	-	-	-	-
-	-	-	-	-
<u>1,807,700</u>	<u>5,607,195</u>	<u>10,309,672</u>	<u>208,062</u>	<u>23,523,091</u>
9,419	6	-	-	108,213
-	-	-	-	-
7,590	8,616	-	-	38,301
<u>17,009</u>	<u>8,622</u>	<u>-</u>	<u>-</u>	<u>146,514</u>
-	96,253	231,174	-	327,427
-	357,158	1,129,989	-	1,487,147
-	1,367,294	4,333,931	-	5,701,225
-	<u>1,820,705</u>	<u>5,695,094</u>	<u>-</u>	<u>7,515,799</u>
1,790,691	3,777,868	4,614,578	208,062	15,860,778
<u>1,807,700</u>	<u>5,607,195</u>	<u>10,309,672</u>	<u>208,062</u>	<u>23,523,091</u>

**LIVE OAK COUNTY, TEXAS  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES  
 ROAD AND BRIDGE SUB-FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2018**

	Road and Bridge Precinct 1	Road and Bridge Precinct 2
<b>REVENUES</b>		
Taxes	-	-
Licenses and Permits	90,049	95,799
Intergovernmental	-	-
Investment Income	8,930	12,558
Other	-	18
<b>Total Revenues</b>	<u>98,979</u>	<u>108,375</u>
<b>EXPENDITURES</b>		
Current		
General Administration	-	-
Financial	-	-
Environmental Protection	-	-
Public Safety	-	-
Highways, Streets and Bridges	1,231,788	1,106,723
Culture and Recreation	-	-
Debt Service		
Principal Retirement	-	-
Interest and Fiscal Charges	-	-
<b>Total Expenditures</b>	<u>1,231,788</u>	<u>1,106,723</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,132,809)</u>	<u>(998,348)</u>
<b>OTHER FINANCING SOURCES (USES)</b>		
Capital Lease Proceeds	-	-
Transfers In - From Road and Bridge Sub-Funds	1,284,000	998,400
Transfers Out - To Road and Bridge Sub-Funds	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>1,284,000</u>	<u>998,400</u>
Net Change in Fund Balances	151,191	52
Fund Balances at Beginning of Year	<u>899,375</u>	<u>1,499,590</u>
Fund Balances at End of Year	<u>1,050,566</u>	<u>1,499,642</u>

ROAD AND BRIDGE SUB-FUNDS

<u>Road and Bridge Precinct 3</u>	<u>Road and Bridge Precinct 4</u>	<u>Road and Bridge General</u>	<u>FM and Lateral Road</u>	<u>Special Lateral Road</u>	<u>Total Road and Bridge Fund</u>
-	-	1,493,926	4,806,781	-	6,300,707
93,049	98,549	135,890	-	-	513,336
-	-	116,665	-	24,565	141,230
19,339	11,529	28,031	47,585	1,248	129,220
-	203	25,310	-	-	25,531
<u>112,388</u>	<u>110,281</u>	<u>1,799,822</u>	<u>4,854,366</u>	<u>25,813</u>	<u>7,110,024</u>
-	-	-	-	-	-
-	-	73,722	73,174	-	146,896
-	-	-	-	-	-
-	-	40,046	-	-	40,046
603,110	428,813	1,779,514	(10,746)	15,137	5,154,339
-	-	-	-	-	-
-	-	-	-	-	-
<u>603,110</u>	<u>428,813</u>	<u>1,893,282</u>	<u>62,428</u>	<u>15,137</u>	<u>5,341,281</u>
<u>(490,722)</u>	<u>(318,532)</u>	<u>(93,460)</u>	<u>4,791,938</u>	<u>10,676</u>	<u>1,768,743</u>
-	-	-	-	-	-
921,600	636,000	1,050,000	-	-	4,890,000
-	-	(300,000)	(4,590,000)	-	(4,890,000)
<u>921,600</u>	<u>636,000</u>	<u>750,000</u>	<u>(4,590,000)</u>	<u>-</u>	<u>-</u>
430,878	317,468	656,540	201,938	10,676	1,768,743
<u>2,488,493</u>	<u>1,473,223</u>	<u>3,121,328</u>	<u>4,412,640</u>	<u>197,386</u>	<u>14,092,035</u>
<u>2,919,371</u>	<u>1,790,691</u>	<u>3,777,868</u>	<u>4,614,578</u>	<u>208,062</u>	<u>15,860,778</u>

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## **FIDUCIARY FUNDS**

**LIVE OAK COUNTY, TEXAS  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 AGENCY FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>Balance 01/01/2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/2018</u>
<u>DISTRICT CLERK</u>				
ASSETS				
Cash in bank	344,783	-	282,880	61,903
	<u>344,783</u>	<u>-</u>	<u>282,880</u>	<u>61,903</u>
LIABILITIES				
Due to others	344,783	-	282,880	61,903
	<u>344,783</u>	<u>-</u>	<u>282,880</u>	<u>61,903</u>
<u>SHERIFF'S DEPARTMENT</u>				
ASSETS				
Cash in bank	287,111	13,229	-	300,340
	<u>287,111</u>	<u>13,229</u>	<u>-</u>	<u>300,340</u>
LIABILITIES				
Due to others	287,111	13,229	-	300,340
	<u>287,111</u>	<u>13,229</u>	<u>-</u>	<u>300,340</u>
<u>TAX ASSESSOR - COLLECTOR</u>				
ASSETS				
Cash in bank	4,545,967	-	4,017,873	528,094
	<u>4,545,967</u>	<u>-</u>	<u>4,017,873</u>	<u>528,094</u>
LIABILITIES				
Due to others	4,545,967	-	4,017,873	528,094
	<u>4,545,967</u>	<u>-</u>	<u>4,017,873</u>	<u>528,094</u>



**LIVE OAK COUNTY, TEXAS**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**  
(Continued)

	<u>Balance</u> <u>01/01/2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/2018</u>
<b>JUSTICES OF THE PEACE</b>				
<b>ASSETS</b>				
Cash in bank	63,725	-	11,260	52,465
	<u>63,725</u>	<u>-</u>	<u>11,260</u>	<u>52,465</u>
<b>LIABILITIES</b>				
Due to others	63,725	-	11,260	52,465
	<u>63,725</u>	<u>-</u>	<u>11,260</u>	<u>52,465</u>
<b>COUNTY ATTORNEY TRUST</b>				
<b>ASSETS</b>				
Cash in bank	902	427	-	1,329
	<u>902</u>	<u>427</u>	<u>-</u>	<u>1,329</u>
<b>LIABILITIES</b>				
Due to others	902	427	-	1,329
	<u>902</u>	<u>427</u>	<u>-</u>	<u>1,329</u>
<b>LIBRARY</b>				
<b>ASSETS</b>				
Cash in bank	8,827	-	4	8,823
	<u>8,827</u>	<u>-</u>	<u>4</u>	<u>8,823</u>
<b>LIABILITIES</b>				
Due to others	8,827	-	4	8,823
	<u>8,827</u>	<u>-</u>	<u>4</u>	<u>8,823</u>

**LIVE OAK COUNTY, TEXAS**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**  
(Continued)

	<u>Balance</u> 01/01/2018	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> 12/31/2018
<b>SHERIFF COMMISSARY</b>				
<b>ASSETS</b>				
Cash in bank	43,178	27,404	-	70,582
	<u>43,178</u>	<u>27,404</u>	<u>-</u>	<u>70,582</u>
<b>LIABILITIES</b>				
Due to others	43,178	27,404	-	70,582
	<u>43,178</u>	<u>27,404</u>	<u>-</u>	<u>70,582</u>
<b>SHERIFF INMATE</b>				
<b>ASSETS</b>				
Cash in bank	8,441	4,007	-	12,448
	<u>8,441</u>	<u>4,007</u>	<u>-</u>	<u>12,448</u>
<b>LIABILITIES</b>				
Due to others	8,441	4,007	-	12,448
	<u>8,441</u>	<u>4,007</u>	<u>-</u>	<u>12,448</u>
<b>HEALTH DEPARTMENT</b>				
<b>ASSETS</b>				
Cash in bank	653	1,534	-	2,187
	<u>653</u>	<u>1,534</u>	<u>-</u>	<u>2,187</u>
<b>LIABILITIES</b>				
Due to others	653	1,534	-	2,187
	<u>653</u>	<u>1,534</u>	<u>-</u>	<u>2,187</u>

**LIVE OAK COUNTY, TEXAS**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**  
(Continued)

	<u>Balance</u> <u>01/01/2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/2018</u>
<b>COUNTY CLERK</b>				
<b>ASSETS</b>				
Cash in bank	23,482	636	-	24,118
	<u>23,482</u>	<u>636</u>	<u>-</u>	<u>24,118</u>
<b>LIABILITIES</b>				
Due to others	23,482	636	-	24,118
	<u>23,482</u>	<u>636</u>	<u>-</u>	<u>24,118</u>
<b>HISTORICAL SURVEY COMMISSION</b>				
<b>ASSETS</b>				
Cash in bank	3,756	-	1,092	2,664
Non-Negotiable Certificate of Deposit	37,056	124	-	37,180
	<u>40,812</u>	<u>124</u>	<u>1,092</u>	<u>39,844</u>
<b>LIABILITIES</b>				
Due to others	40,812	124	1,092	39,844
	<u>40,812</u>	<u>124</u>	<u>1,092</u>	<u>39,844</u>
<b>TOTAL - AGENCY FUNDS</b>				
<b>ASSETS</b>				
Cash in bank	5,330,825	47,237	4,313,109	1,064,953
Non-Negotiable Certificate of Deposit	37,056	124	-	37,180
	<u>5,367,881</u>	<u>47,361</u>	<u>4,313,109</u>	<u>1,102,133</u>
<b>LIABILITIES</b>				
Due to others	5,367,881	47,361	4,313,109	1,102,133
	<u>5,367,881</u>	<u>47,361</u>	<u>4,313,109</u>	<u>1,102,133</u>

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**COMPLIANCE SECTION**

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**Lovvorn & Kieschnick, LLP**  
CERTIFIED PUBLIC ACCOUNTANTS

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

Honorable County Judge  
and Commissioners Court  
Live Oak County, Texas  
George West, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Live Oak County, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise Live Oak County's basic financial statements, and have issued our report thereon dated June 8, 2020.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Live Oak County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Live Oak County's internal control. Accordingly, we do not express an opinion on the effectiveness of Live Oak County's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be

material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies. See item 2018-01.

### **Compliance and Other Matters**

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

### **Live Oak County's Response to Findings**

Live Oak County's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Live Oak County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

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

*Lovvorn & Kieschnick LLP*

Lovvorn & Kieschnick, LLP  
Corpus Christi, Texas  
June 8, 2020



**LIVE OAK COUNTY, TEXAS**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

**A. Summary of Auditor's Results**

**1. Financial Statements**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

One or more material weakness(es) identified? \_\_\_\_\_ Yes X No

One or more significant deficiencies identified that are not considered to be material weaknesses? X Yes \_\_\_\_\_ None Reported

Noncompliance material to financial statements noted? \_\_\_\_\_ Yes X No

**2. Federal Awards**

A Single Audit was not required in the current year.

**B. Financial Statement Findings**

2018-01 Payroll (Reoccurring Findings)

Condition: We tested a selection of payroll transactions and noted the following:

1. Timesheets are manually completed (handwritten) by each employee.
  - a) In many cases, handwriting is difficult to read.
  - b) When mistakes were made, they are crossed off, scratched out, and written over, making the actual number of hours difficult to determine.
2. The Supervisor's approval of timesheet is not always evidenced by the Supervisor's signature.
3. Vacation and sick leave are manually completed (handwritten) by the Treasurer's office.
4. Each employee's calculated hourly pay rate is stored in the payroll software system; however, calculations for overtime are completed on each timesheet manually, making it difficult to determine if the correct rate is used.
5. The payroll system provides for the pay to be broken down by regular, overtime, and other pay. These fields are not currently being utilized in the payroll system. Currently, all pay is recorded as gross and/or regular pay, therefore, preventing the tracking of overtime or other allotment of pay in the system.

Continued

LIVE OAK COUNTY, TEXAS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2018  
(Continued)

6. We noted that the County Auditor's office performed testwork in February 2018 on 95 selected payroll transactions. Their testwork disclosed that errors had been made on 9 of the transactions selected.
7. The County Auditor's office also noted that there were instances where timesheets were submitted for payment for hours worked before the work had actually been done (usually for work to be done on the coming holidays). This situation could lead to the employee being overpaid, and would necessitate the employee being required to repay the County for the overpayment.

Criteria: Payroll processing procedures should be followed so that County employees are paid accurately.

Cause: The County is not efficiently utilizing the payroll software system to limit the manual (handwritten) procedures during payroll processing.

Effect or Potential Effect: Not using the proper breakdown of regular, overtime and other pay and not accurately tracking vacation and sick leave can lead to overpayment and underpayment of County employees.

- Recommendations:
1. The County should explore ways to more efficiently utilize the payroll software system in order to limit the manual (handwritten) procedures currently in place. This could reduce the frequency of errors and provide the County with more accurate details of payroll information to include vacation and sick leave.
  2. Emphasis should be placed on accurate preparation of the timesheets and careful review by the respective supervisor and the County Treasurer's office.
  3. Supervisor's approval signature should always be evidenced on timesheets prior to preparation of the respective payroll check.
  4. Payment should not be made for hours not yet worked. Timesheets approved and remitted for payment should include only hours previously worked.

C. Federal Award Findings and Questioned Costs

NONE

LIVE OAK COUNTY, TEXAS  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2018

**Findings**

Financial Statement Findings

2017-01 Payroll (Reoccurring Findings)

- Condition: We tested a selection of payroll transactions and noted the following:
1. Timesheets are manually completed (handwritten) by each employee.
    - a) In many cases, handwriting is difficult to read.
    - b) When mistakes were made, they are crossed off, scratched out, and written over, making the actual number of hours difficult to determine.
  2. The Supervisor's approval of timesheet is not always evidenced by the Supervisor's signature.
  3. Vacation and sick leave are manually completed (handwritten) by the Treasurer's office.
  4. Each employee's calculated hourly pay rate is stored in the payroll software system; however, calculations for overtime are completed on each timesheet manually, making it difficult to determine if the correct rate is used.
  5. The payroll system provides for the pay to be broken down by regular, overtime, and other pay. These fields are not currently being utilized in the payroll system. Currently, all pay is recorded as gross and/or regular pay, therefore, preventing the tracking of overtime or other allotment of pay in the system.
  6. We noted that the County Auditor's office performed testwork in February 2018 on 95 selected payroll transactions. Their testwork disclosed that errors had been made on 9 of the transactions selected.
  7. The County Auditor's office also noted that there were instances where timesheets were submitted for payment for hours worked before the work had actually been done (usually for work to be done on the coming holidays). This situation could lead to the employee being overpaid, and would necessitate the employee being required to repay the County for the overpayment.
- Criteria: Payroll processing procedures should be followed so that County employees are paid accurately.
- Cause: The County is not efficiently utilizing the payroll software system to limit the manual (handwritten) procedures during payroll processing.

Continued

**LIVE OAK COUNTY, TEXAS**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**  
(Continued)

Effect or  
Potential Effect: Not using the proper breakdown of regular, overtime and other pay and not accurately tracking vacation and sick leave can lead to overpayment and underpayment of County employees.

Recommendations: 1. The County should explore ways to more efficiently utilize the payroll software system in order to limit the manual (handwritten) procedures currently in place. This could reduce the frequency of errors and provide the County with more accurate details of payroll information to include vacation and sick leave.

2. Emphasis should be placed on accurate preparation of the timesheets and careful review by the respective supervisor and the County Treasurer's office.

3. Supervisor's approval signature should always be evidenced on timesheets prior to preparation of the respective payroll check.

4. Payment should not be made for hours not yet worked. Timesheets approved and remitted for payment should include only hours previously worked.

Current Status: This item continues to be a finding. See Item 2018-01 Payroll on Schedule of Findings and Questioned Costs.

Management's  
Explanation: See Corrective Action Plan on page 88.

2017-2 Bonding

Condition: Employees in the County Clerk's office were not adequately bonded in 2017.

Criteria: Texas Local Government Code Section 82.003 requires each deputy clerk to be covered by an insurance policy or similar coverage from a governmental pool operating under Chapter 119 covering each deputy clerk against liability incurred through errors and omissions in performance of their official duties.

Cause: Bond coverage of \$5,000 per deputy clerk for 2017 was substantially below the bond coverage required by Texas Local Government Code Section 82.003.

Potential Effect: Errors and omissions by deputy clerks could expose the County to financial liability because of insufficient bond coverage of the clerks.

Recommendation: County Clerk should obtain coverage to adequately cover deputy clerks in the County Clerk's office, as provided by Texas Local Government Code Section 82.003.

Current Status: This item has been corrected and is no longer a Finding.

Continued

**LIVE OAK COUNTY, TEXAS**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**  
(Continued)

2017-03 Distributions of Deposits

Condition: We noted through our own procedures and through review of County Auditor reports, several instances of funds being deposited to incorrect bank accounts by the Treasurer's office.

Criteria: County funds should be deposited to appropriate County bank accounts.

Cause: Procedures are not being followed to ensure funds are deposited to appropriate County bank accounts.

Effect or Potential Effect: County staff has to spend unnecessary time and effort accounting for funds deposited to incorrect accounts.

Recommendations: Treasurer's office staff should place greater emphasis on depositing funds to appropriate County bank accounts.

Current Status: This item has been corrected and is no longer a Finding.

**LIVE OAK COUNTY, TEXAS  
CORRECTIVE ACTION PLAN  
FOR THE YEAR ENDED DECEMBER 31, 2018**

Findings/Reference Number

Corrective Action Plan

Significant Deficiencies:

2018-01 Payroll

Live Oak County Treasurer's office will implement the following changes:

1. Changes to the time sheets will be made by the supervisor of each department before payroll is processed. No changes to be made by the Treasurer's office on the time sheet.
2. Supervisor's signature will be on the time sheet before payroll is processed.
3. Discuss with software provider to list vacation and sick leave on the check. (Hours only)
- 4/5. Software provider to list overtime on check.
6. Payroll report will be reviewed by the Audit department.
7. Time sheets will be turned in at the end of a work schedule. Monday by 9:00 a.m. for work schedule ending on Sunday.

Contact person: Natalie Cooper, County Auditor